

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
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FOI/PA# 1343248-1

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/24/82

TO: SAC, HOUSTON
FROM: SAC, ALEXANDRIA (206A-182) (P)

THOMAS GREGORY CLINES:

[REDACTED]
EGYPTIAN AMERICAN TRANSPORT
AND SERVICES CORPORATION (EATSCO)
TAG - DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO: AX)

Enclosed for each recipient office are the following:

- 1) The original and one copy of a Federal subpoena.
- 2) A letter dated 6/18/82, from the U. S. Attorney, Alexandria, Virginia, authorizing the recipient of the respective subpoena to turn over the requested documents to a Special Agent of the FBI.

For information of recipients, EATSCO is an entity located at 7777 Leesburg Pike, Falls Church, Virginia. It obtained an exclusive contract with the Government of Egypt to handle shipping of military equipment purchased by Egypt with a 1.5 billion dollar United States foreign military sales loan. Subjects Clines and [REDACTED] formed EATSCO and have been its owners through most of its operations. Clines is a retired Central Intelligence Agency (CIA) official and [REDACTED] who resides at [REDACTED]. Fraud allegations have been made against EATSCO.

2-Houston (Enc 3)
2-New Orleans (Enc 3)
2-New York (Enc 3)
3-Alexandria
(2-206A-182)
(1-66-384 Sub C)

TF:kar
(9)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C10MS

Approved: _____ Transmitted _____

STATUTORY (Number) _____ (Time) _____

Per _____

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AX 206A-182

Houston should serve the enclosed subpoena and provide enclosed letter to [REDACTED]
[REDACTED]

New Orleans should serve enclosed subpoena and provide enclosed letter to [REDACTED]
[REDACTED]

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New York should serve the enclosed two subpoenas and provide the enclosed two letters, respectively, to [REDACTED]
[REDACTED]

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FBI recipients having any questions regarding service of enclosed subpoenas and other enclosures should contact SA Thomas Fitzpatrick or SA [REDACTED], of the Alexandria Office (FTS 967-1200).

[REDACTED] It is noted that the return date on the subpoenas is [REDACTED] Alexandria should be advised if any difficulties are encountered by the recipients of the subpoenas in connection with meeting the established return date.

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 7/6/82

[redacted]
[redacted] was contacted
at his place of business.

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Upon being informed of the identity of the
contacting agents and the purpose of the contact, [redacted]
was served with a Federal Grand Jury Subpoena Duces Tecum

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After receiving the subpoena, [redacted]
that he is the [redacted], and

[redacted]
Initially, [redacted]

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[redacted]

[redacted]
[redacted]

[redacted] and would be the person with
the best working knowledge of [redacted]
[redacted]

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[redacted]

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HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/86 BY SP5C/LMS

Investigation on 7/1/82 at [redacted] File # Alexandria 206A-182
SA [redacted] JHC:db Date dictated 7/2/82
SA [redacted]

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FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 7/14/82

[redacted]
[redacted] was contacted at his
place of employment and served a Federal Grand Jury Subpoena
duces tecum requesting all documents [redacted]

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[redacted]

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In addition to the contacting Special Agents,
also present at the time the subpoena was served and
during the subsequent interview were:

[redacted]

[redacted]
Assistant United States Attorney
Eastern District of Virginia

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[redacted]
Deputy Chief - Public Integrity Section
United States Department of Justice

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,391
DATE 7/5/88 BY SP5C110MS

Investigation on 7/2/82 at Alexandria, Virginia File # Alexandria 206A-182

by SA [redacted] JHC:kmp Date dictated 7/9/82

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 Dep. AD Adm. _____
 Dep. AD Inv. _____
 Asst. Dir.:
 Admin. _____
 Comp. Syst. _____
 Ext. Affairs _____
 Files & Com. _____
 Gen. Inv. _____
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 Laboratory _____
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 Telephone Rm. _____
 Director Sec'y _____

Palestinian Holds Contract For U.S. Arms

The exclusive contract for shipping U.S. arms to Egypt is held by a company that was founded by a Palestinian and may still be controlled by him.

Egyptian sources say they are "100 percent certain" that some of the U.S. munitions were diverted to Palestinian groups and other elements opposed to assassinated Egyptian President Anwar Sadat.

What makes the situation all the more startling is the involvement of cabinet ministers and other high Egyptian officials in the secret contract manipulations. Amazingly, the arms shipment contract wound up with the Palestinian, an itinerant merchant named Ali el Shorafa.

My associates Dale Van Atta and Indy Bedhwar have identified several Egyptian big shots who have been actively associated with the back-room deal. These include Brig. Gen. Mounir Sabet, chief of military procurement for Egypt and brother-in-law of Vice President Hosni Mubarak; Kamal Hassan Ali, deputy premier and foreign minister, and Defense Minister Abu Ghazala.

The American connection was Thomas Clines, a former deputy

chief of covert operations in the CIA. He is also a close friend of Edwin Wilson, the renegade ex-CIA agent who jumped bail after indictment for smuggling munitions to Libyan dictator Muammar Qaddafi. Wilson has been identified as one of those working behind the scenes to get the arms-shipment contract for the Palestinian firm.

Pentagon, CIA and industry sources describe the Egyptian arms deal as one of the most suspicious they've ever seen. Here's why:

Part of the Camp David peace accords signed in March, 1979, provided for billions of dollars in American arms shipments to Egypt. Legitimate American and Egyptian businessmen eagerly went after the lucrative shipping contract.

In April, 1979, these businessmen suspected that an exclusive contract had already been awarded to a little-known company called Tersam. Two secret letters I've obtained show that they were correct.

At the time, Tersam was little more than offices in Geneva and Washington. It had no experience in shipping. The front man in Egypt was an Egyptian intelligence officer named Hussan Salem; ex-CIA official Clines was the man in Washington. But the silent partner and financial backer was Ali Shorafa.

It wasn't till Shorafa hooked up with Salem that his fortunes dramatically improved. Salem brought in the high officials of the Sadat re-

The Washington Post **E-23**
 Washington Star-News _____
 Daily News (New York) _____
 The New York Times _____
 The Wall Street Journal _____
 The National Observer _____
 The Los Angeles Times _____

Date 10/15/81

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 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/5/88 BY SP5C10MS

AX-206A-82-5

gime, and Shorafa a dark-horse company won the race for the arms shipment contract.

One thing is clear: the Pentagon didn't know Tersam's background, didn't trust the company and refused to let it ship anything for eight months.

The matter came to a head when then-president Carter and Sadat agreed that some early, visible military support from the United States was essential. They settled on some hardware that would be part of the annual Oct. 6 military parade, the same event that was chosen by Sadat's assassins two years later.

"There's no way we were going to jeopardize the Oct. 6 parade shipments by passing them to that company," said a Pentagon official. So the Defense Department handled the first eight months of arms shipments itself.

Meanwhile, the Defense Intelligence Agency and some honest Egyptian officials were checking into Tersam's credentials. It was soon clear that the company was not qualified to handle the arms shipments.

Tersam solved this problem by subcontracting with legitimate shippers and changing its name to Egyptian American Transport and Services Corp. Clines became 49 percent owner of Tersam's new incarnation. But the predecessor company owned the other 51 percent and sources believe Shorafa, the Palestinian exile, still owns most of that.

CIA Renegade Lurks Behind Egypt Scandal

The sinister figure of fugitive ex-CIA agent Edwin Wilson lurks disturbingly in the background of a multimillion-dollar scandal involving the highest officials in Egypt today.

I have uncovered evidence that establishes direct links between the surreptitious award of a lucrative arms shipment contract and the men who are now the deputy prime minister and defense minister of Egypt.

Another official deeply involved is a brother-in-law of Egypt's new president, Hosni Mubarak, who as vice president learned of the back-room deal but did nothing to stop it.

The company that was secretly given the exclusive contract to ship billions of dollars' worth of U.S. arms to Egypt was called Tersam. It is ostensibly headed by an Egyptian businessman named Hussan Salem.

But in a telephone interview with my associates Indy Badhwar and Dale Van Atta, Salem acknowledged that an Abu Dhabi merchant, Ali Shorafa, helped create Tersam. Shorafa happens to be a Palestinian, and he continues to have a hidden interest in the firm.

The tie to Wilson is through a

former CIA official, Thomas Clines, who was deputy director of covert operations before his retirement in October 1978. Salem turned to Clines when Tersam's secret contract appeared to be in trouble; the Pentagon considered the company unqualified to handle the shipments.

Salem needed an American with good Washington connections, and Clines filled the bill. He was an old CIA buddy of Wilson; the two have been linked with companies secretly owned by the agency. At the time Salem came along looking for an American partner, Clines was already running a company with backing from his friend Wilson.

The solution to Tersam's difficulties was twofold: the company was reorganized into the Egyptian American Transport Services Co., with Clines as a 49 percent owner. Then the firm's competitors for the juicy shipping contract were to be bought off or forced out of the running.

The experience of the last potential rival to Egyptian American Transport bordered on the melodramatic. It took place in September 1979 in a suite at the ritzy Madison Hotel in Washington.

The businessman was confronted by Clines, who began bragging about his connections in the CIA. The visitor was impressed by the presence of armed guards and the Egyptian military attache, Gen. Abu Ghazala, who is now defense minister.

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Dep. AD Inv. _____
Asst. Dir.:
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Training _____
Public Affs. Off. _____
Telephone Rm. _____
Director's Sec'y _____

The Washington Post A-13
Washington Star-News _____
Daily News (New York) _____
The New York Times _____
The Wall Street Journal _____
The Atlanta Constitution _____
The Los Angeles Times _____

Date 10/19/81

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
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FBI/DOJ

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After Cline and the Egyptians got him to agree to a phony subcontract in return for his silence, the competitor was taken to a nearby room, where more armed guards ushered him into the presence of the then-minister of defense, Gen. Kamal Hassan Ali, now deputy prime minister.

Ali asked the businessman if he was satisfied with the under-the-table deal. The competitor assured him he was, though ultimately the payoff was never consummated.

There is another mysterious link between the high Egyptian officials and Wilson, who jumped bail on charges of smuggling explosives to Libya and is now hiding in Tripoli under the protection of dictator Muammar Qaddafi. Both Ali's and Ghazals's names were found in notes confiscated from a former Wilson mercenary arrested for the attempted killing last year of a dissident Libyan student in Colorado.

The CIA denies my report that Wilson met in Rome last July with an agency official. But my sources insist that the CIA desperately wants to know what sensitive operations Wilson might reveal if he is brought back to face charges. As one source said enigmatically, the agency is most afraid he'll blow the whistle on "CIA involvement in deaths in the Middle East which he is aware of—and CIA activities in Egypt."

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/9/82

[redacted], Senate Judiciary Committee was interviewed at the United States Attorney's Office, District of Columbia in the presence of United States Attorney Stanley Harris, District of Columbia, Assistant United States Attorneys [redacted] and Special Agent [redacted], Bureau of Alcohol, Tobacco and Firearms (ATF).

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[redacted] stated that on August 2, 1982, at approximately 12:15 p.m., he received a telephone call from [redacted]

[redacted] Arlington, Virginia. [redacted] advised he met [redacted] on one occasion approximately one year ago at a social function, however, he could not recall the details. [redacted] advised [redacted] has been involved in past fund raising campaigns for Senator Thurmond, but he does not believe [redacted] and Senator Thurmond are personal friends.

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[redacted] told [redacted] he had just received a telephone call from Edwin Wilson. [redacted] stated Wilson offered to pay him up to \$50,000 if he could persuade Senator Thurmond, the Chairman of the Judiciary Committee to discuss with the Department of Justice the possibility of reducing Wilson's 20 million dollar bond. [redacted] felt he was being "set up" by Wilson and he asked [redacted] what he could do to protect himself. [redacted] asked [redacted] to prepare a letter which would document in detail his telephone call from Wilson and to mark it for his [redacted] personal attention.

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[redacted] provided the attached letter which he received from [redacted] on August 3, 1982.

[redacted] stated emphatically that at no time did [redacted] imply that either he or Senator Thurmond was to receive any cash payment.

[redacted] told Senator Thurmond about the telephone call from [redacted], however, Senator Thurmond did not care to read [redacted] letter. [redacted] was instructed by Senator Thurmond to notify the proper authorities.

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[redacted] advised that Senator Thurmond has never met Wilson, nor does he intend to intercede with the Department of Justice.

[redacted] stated he reported this incident to Supervisor [redacted], FBIHQ (Congressional Liaison) on August 4, 1982, and to United States Attorney Stanley Harris, District of Columbia on August 6, 1982.

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b7EInvestigation on 8/6/82 at Washington, D.C. File # [redacted]by SA [redacted] Date dictated 8/9/82206-185-6A

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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DATE 5/9/88 BY SP5G10ms

[redacted] mja

[REDACTED]

2 August 1982

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[REDACTED]
Senate Judiciary Committee
Dirksen Senate Office Building
Washington, D.C. 20510

Dear [REDACTED]

Per our telephone conversation this morning I shall outline for the record, the telephone conversation which took place this morning between Ed Wilson and myself via [REDACTED], a Washington, D.C. attorney.

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Ed Wilson initiated the aforementioned call through his associate and his attorney who called and then patched us through to each other. The initial part of the conversation was small talk - typical trivia. Mr. Wilson then mentioned his current situation and how he was led to believe he was working for the "Agency" when in essence he was tricked into entering the United States. He believes this violated his constitutional rights and that he is now being improperly detained. He discussed the enormous amount of bail set (20 million I believe), and his desire to have it reduced. He mentioned Senator Thurmond's former administrative assistant but he could not remember his name. He of course was referring to [REDACTED] who moved into Mr. Wilson's office when he left the Senator's office. Mr. Wilson then said, "I know I owe you \$25,000.00, but I cannot pay you until I post bond and get released." This statement completely surprised me. Ed Wilson owes me no money and I owe him no money. I consider him a friend that I have known for about ten years. I do not know his personal business nor do I know anything about what wrongdoings he may have committed. I asked what he was talking about and he reiterated the \$25,000.00 he owed me. When I said I did not understand, he then said he would pay me \$25,000.00 now and \$25,000.00 later if I would talk to Senator Thurmond as Chairman of the Judiciary Committee to see if the Senator would discuss with Justice the possibility of having his bond lowered. By saying that he owed me \$25,000.00, he obviously was conveying a message which I failed to comprehend. He went on to say that he felt that the federal prosecutor was using this case to make a big name for himself. He also emphasized the

fact that he could not "run" for there was no place to run to. He said he was known by INTERPOL throughout the western world and to return to Libya would mean instant execution. He said he has approximately 20 million dollars in real estate that he stands to lose if he does not personally attend to its related business. I told him that I would pass his message on as a gesture of friendship, but that I wanted no monetary compensation. Mr. Wilson emphasized that Friday, August 6, 1982, was a critical date in that he could well lose his opportunity to communicate after then.

SUMMARY: I personally feel that Ed Wilson is reaching out for any past acquaintance, friend, and/or associate that could possibly be of any assistance to him in helping to have his bond reduced. He knows that I worked on Senator Thurmond's 1972 campaign and that I have always held the Senator in high esteem. There is no way to guess whom else he has contacted or what he actually is thinking. I wish to emphasize that in no way do I intend to meddle in the business of our Justice Department or its system. If, however, there is an inequity here, then perhaps someone will choose to react to the situation accordingly.

I have not in the past and don't intend in the future to break any United States law. What really disturbs me is that people use my name and associate me with certain other people, some of whom I don't even know and others whom I have no business relationship with but know socially.

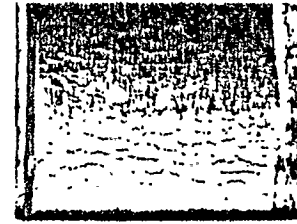
// If you feel the Justice Department should be notified about this please do so accordingly. //

Very truly yours,

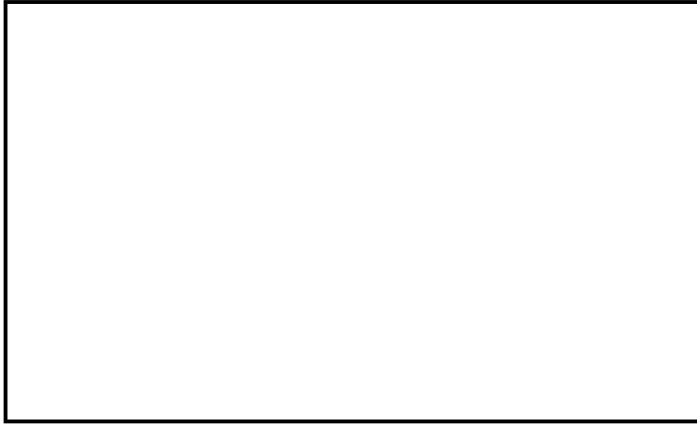
[Redacted signature block]

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P.S. I spoke again to Mr. [Redacted] and emphasized that I would in no way violate the law or try to use any influence to wrongfully sway anyone's opinion.



8/2/82



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PERSONAL

ALL INFORMATION CONTAINED
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DATE 7/5/88 BY SP5C11DMS

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 Telephone Rm. _____
 Director's Sec'y _____

Fugitive ex-CIA agent linked to high Egyptian officials

WASHINGTON—The sinister figure of fugitive ex-CIA agent Edwin Wilson lurks disturbingly in the background of a multimillion-dollar scandal involving the highest officials in Egypt today.

I have uncovered evidence that establishes direct links between the surreptitious award of a lucrative arms shipment contract and the men who are now the deputy prime minister and defense minister of Egypt. Another official deeply involved is the brother-in-law of Egypt's new president, Hosni Mubarak, who as vice president learned of the backroom deal but did nothing to stop it.

The company that was secretly given the exclusive contract to ship billions of dollars' worth of U.S. arms to Egypt was called Tersam. It is ostensibly headed by an Egyptian businessman, named Hussan Salem.

But in a telephone interview with my associates Indy Badhwar and Dale Van Atta, Salem acknowledged that an Abu Dhabi merchant, Ali Shorafa, helped create Tersam. Shorafa happens to be a Palestinian, and he continues to have a hidden interest in the firm.

The tie to Wilson is through a former CIA official, Thomas Clines, who was deputy director of covert operations before his retirement in October 1978. Salem turned to Clines when Tersam's secret contract appeared to be in trouble; the Pentagon considered the company totally unqualified to handle the arms shipments.

The Washington Post _____
 Washington Star-News _____
 Daily News (New York) _____
 The New York Times _____
 The Wall Street Journal _____
 The Atlanta Constitution _____
 The Los Angeles Times _____

Fredericksburg Free Lance-Star

Date 10/19/81

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/5/88 BY SP5Cil oms

FBI/DOJ

AX-206A-182-7

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Salem needed an American with good Washington connections, and Clines filled the bill. He was an old CIA buddy of Wilson; the two have been linked with companies secretly owned by the agency. At the time Salem came along looking for an American partner, Clines was already running a company with financial backing from his friend Wilson.

The solution to Tersam's difficulties was twofold: The company was reorganized into the Egyptian American Transport Services Co., with Clines as a 49 percent owner. Then the firm's competitors for the juicy shipping contract were to be bought off or forced out of the running.

The experience of the last potential rival to Egyptian American Transport bordered on the melodramatic. It took place in September 1979 in a suite at the Ritz Madison Hotel in Washington.

The businessman was confronted by Clines, who began bragging about his connections in the CIA and elsewhere. The visitor was impressed by the pres-

ence of armed guards and the Egyptian army attack. Gen. Abu Ghazala, who is now defence minister.

After Clines and the Egyptians got him to agree to a phony subcontract in return for his silence, the competitor was taken to a nearby room, where more armed guards ushered him into the presence of the then-minister of defence, Gen. Kamal Hassan Ali, now deputy prime minister.

Ali asked the businessman if he was satisfied with the under-the-table deal. The competitor assured him he was, though ultimately the payoff was never consummated.

There is another mysterious link between the high Egyptian officials and Wilson, who jumped bail on charges of smuggling explosives to Libya and is now hiding out in Tripoli under the protection of desert dictator Muammar Qaddafi. Both Ali's and Ghazala's names were found in notes confiscated from a former Wilson mercenary arrested for the attempted assassination last year of a dissident Libyan student in Colorado.

The suspect is known to have talked with Wilson before the Colorado shooting, and investigators believe the notes were made at that time. The two Egyptian officials' names were misspelled but unmistakable. In one significant reference to Ali, the notes say, "Defense Minister often finishes up his official business in a few days, and then takes time to clean up personal business at (Egyptian American Transport)."

This astonishing notation supports evidence I have already reported that links Ali and Ghazala personally to the secret arms shipment deal.

It's not surprising that Wilson would know these men. For years, his job in the CIA was to infiltrate international shipping associations and learn all he could about arms shipments. His contacts throughout the Middle East were extensive, and he has maintained them since leaving the agency.

A final note on Wilson: The CIA denies any report that the renegade spy met in Rome last July with an agency official. But my sources insist that the CIA desperately wants to know what sensitive operations Wilson might reveal if he is brought back to face the charges against him. As one source said enigmatically, the agency is most afraid he'll blow the whistle on "CIA involvement in deals in the Middle East which he is aware of—and CIA activities in Egypt."

Assoc. Dir. _____
 Dep. AD Adm. _____
 Dep. AD Inv. _____
 Asst. Dir.:
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Intell. _____
 Laboratory _____
 Legal Coun. _____
 Plan. & Insp. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Public Affs. Off. _____
 Telephone Rm. _____
 Director's Sec'y _____

Deception Laid To Egyptians On Arms Deal

A flurry of coded messages between Egyptian and American businessmen reveals the backroom manipulations by high Egyptian officials that gave a small company with Palestinian connections exclusive control of billions of dollars worth of U.S. arms shipments to Egypt.

The cables between Cairo and Washington from May to December 1979 trace the progress of the businessmen's state of mind from suspicion through alarm to final confirmation that they had been royally led to by the men who now run Egypt. Copies of the cables were obtained by my associates Indy Badhwar and Dale Van Atta.

The messages used code names for the principal figures and institutions involved in the arms deal: "Fathers" for the U.S. Congress; "Plasma" for the U.S. aid program; "Wedding" for the arms shipping contract; "Cage" for the Pentagon; "Umpire" for Kamal Hassan Ali, now Egyptian deputy prime minister, and "Short-stop" for Abu Ghazala, now the defense minister.

In addition, there were uncoded references to Hosni Mubarak, the

new president of Egypt, and his brother-in-law Moustaf Sabet, now chief of military procurement. There was no suspicion that Mubarak was actively involved in the secret deal, only that he was told about it but apparently failed to take action because of his brother-in-law, who was deeply involved.

The background of the scandal starts with the Camp David accords, signed in March 1979. To sweeten the pot for Egypt, President Carter promised billions of dollars in U.S. military aid. Several prominent American and Egyptian firms submitted proposals for the lucrative contract to ship the arms to Cairo and were assured by Ghazala, Ali and Sabet that they were being given favorable consideration.

Actually, an exclusive contract was secretly awarded to a Geneva-based company named Tersam in April 1979. Yet the Egyptian officials continued to pretend that the bidding was still open, a charade that became more and more apparent to the frustrated legitimate businessmen as the months rolled by.

In early May, a cable from one East Coast businessman to a Cairo associate gave no hint that anything was wrong: "Contacted Key Fathers [congressmen] and basically a blank check for both countries to draw upon ... 2 billion to Egypt next two

The Washington Post D-17
 Washington Star-News _____
 Daily News (New York) _____
 The New York Times _____
 The Wall Street Journal _____
 The Atlanta Constitution _____
 The Los Angeles Times _____

Date 10/20/81

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 DATE 7/31/88 BY SP5C10MS

FBI/DOJ

AX-206A-182-8 ✓

years... Umpire [Ali] must have strong Washington support to fight for Egypt's fair share [of arms contracts]... Fathers and Cage [Pentagon] agree central procurement will save millions and assure quality control...."

The first note of alarm came in a cable from Washington to Cairo on May 15: "Our people say Salem [Hassan Salem, Tersam's Egyptian front man] has exclusive contract with Umpire's signature on it. Is this true?" This, of course, was all too true.

But the response from Cairo was reassuring: "Position still strong as secured [by] Umpire Saturday... Umpire office will arrange all necessary instructions for registration at once. We are in the race in advanced position. Umpire insists on fact that no wedding [shipping contract] without our prior knowledge." This assurance from Ali, who was then defense minister, was given a month after the secret deal was made with Tersam.

Next, from Washington: "We have found out from Army Security Assistance Center that a company headed by Hassan Salem of Alexandria, Va., has been given the authority by the Egyptian government to do all freight forwarding.... We have all been made out to be fools

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/18/82

[redacted] Commercial Management, Inc., 1312 Vincent Place, McLean, Virginia (556-9500), was contacted at his office on this date and advised of the official identity of the contacting Special Agent and of the nature of the contact. He thereafter provided the following information:

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Commercial Management, Inc., which was set up in approximately October, 1981, presently manages the building at 7777 Leesburg Pike, Falls Church, Virginia. [redacted] said that until September 30, 1981, he was employed with the Beatty Leasing and Development Corporation, 6824 Elm Street, McLean, Virginia, but split with this company on September 30, 1981, [redacted]. He said he managed leasing of various building properties in his prior position and such leasing now is being conducted by the Beatty Leasing and Development Corporation. He said at present, Commercial Management, Inc., handles management and maintenance problems for the building at 7777 Leesburg Pike.

He said the building at 7777 Leesburg Pike was constructed in approximately 1970 by the Beatty-Elmore Construction Company and the building is owned by [redacted] and [redacted].

[redacted] said that the Egyptian American Transport Services Corporation which trades under the name "EATSCO" has been a tenant at 7777 Leesburg Pike. He said his contact with EATSCO has been a real estate relationship based on their tenancy at that building.

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He said in approximately September, 1980, he started negotiations with EATSCO's attorney, [redacted], to work up a lease for EATSCO to be a tenant at that location. They already were utilizing space in that building on the second floor, north wing, as a subtenant of Undersea Research which is operated by a retired U. S. Navy Captain named [redacted]. [redacted] is a long-time tenant of the building.

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AX-206A-182-9

Investigation on 1/21/82 at McLean, Virginia File # Alexandria 58-222
Alexandria 58-223
by SA Thomas Fitzpatrick:sw Date dictated 1/22/82

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DATE 7/5/88 BY SP5C/LMS

AX 58-222
AX 58-223

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and at one time had a partner named [redacted]; however, they split up over some disagreement in the past. EATSCO was only a sub-tenant and not a subsidiary or in anyway connected with Undersea Research. He said [redacted] would still have records regarding the subtenancy of EATSCO and he noted that [redacted] is still a tenant at 7777 Leesburg Pike.

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Prior to a lease being signed, [redacted] said he was concerned that EATSCO would be good tenants since it is difficult to dislodge tenants once they are in place. He indicated he made two contacts in an effort to establish the reputation of EATSCO. He said that an EATSCO representative told him that the First American Bank was a reference of theirs and he said he then contacted what he believes was [redacted] First American Bank whom he believes was a [redacted] [redacted] said that EATSCO was "solid" and that they had substantial deposits with the bank. [redacted] said he also contacted another person whom he would rather not identify who told him that "the White House" said that EATSCO was a reputable firm or words to that effect.

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He said the lease itself was signed with the date of February 5, 1981, but he believes the lease commenced on January 1, 1981. He said when the lease was signed, EATSCO had already moved into the extended area that they would be occupying at the 7777 Leesburg Pike address and had already made significant improvements on the premises such as repainting, carpeting, etc.

He recalled that he has dealt frequently with [redacted] [redacted] a woman possibly in her 50's or older, who appears to have many responsibilities for the owners of EATSCO, and she is still employed with them. He said he had a letter in his file on EATSCO dated November 4, 1980, which related to the negotiation process in connection with the lease signing.

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[redacted] said that the attorney he dealt with in connection with the lease, [redacted], had an office in downtown Washington, D. C., and appeared to be a native American.

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[redacted] said the co-owners of EATSCO are [redacted] [redacted] and Thomas Clines. He recalls that he met [redacted] once at the lease signing and he said that [redacted] had a reputation of being an impatient type of person.

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He said he recalled meeting Clines on one occasion when they were introduced in a hallway at the 7777 Leesburg Pike building. He recalled that Clines' office at that building is "lavish."

He also recalled that employees at EATSCO refer to [] as [] when referring to his position with the firm. He recalled that one of the officials with EATSCO told him in the past that EATSCO is not incorporated. Mrs. [] told him in the past that EATSCO was a firm that functioned as freight forwarders. He said he cannot recall any mention of EATSCO being involved with military equipment or government contracts.

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He said that Mrs. [] was usually at the office at 7777 Leesburg Pike or in the Baltimore, Maryland, office of EATSCO. This latter office is believed to be somewhere in Baltimore, Maryland, possibly on the waterfront. From his contacts at EATSCO, he determined that they have an airplane which is a 707 which is reportedly maintained at the Baltimore-Washington International Airport. His contact at EATSCO at one time who was Maynard Nelson, an EATSCO vice president, said the above-mentioned airplane makes trips to Egypt and he indicated if [] knew someone who wanted to go to Egypt, to let him know and they could possibly arrange an inexpensive trip. [] said that some people at the building who were involved in the construction of a Marriott Hotel in Cairo, Egypt, indicated an interest in such travel, but he does not know if it actually took place.

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[] said that his contact at EATSCO regarding the facilities there has been primarily []. He said, however, he has also had dealings with a Mrs. [] who handled the facilities at one time but is no longer with EATSCO, with a [] who is no longer with EATSCO, and with a [] who is no longer there either.

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He said he understands that the new office manager for EATSCO is Ms. []

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AX 58-222

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[] said that the EATSCO space at 7777 Leesburg Pike consists of the entire third floor and the south wing only of the fourth floor. He said it totals approximately 16,000 square feet. He said since the original lease was signed, their total space has expanded and it was originally approximately 3,000 to 4,000 square feet. He said the lease that was signed has an expiration date; however, this is privileged information and he declined to provide it on this occasion. He also declined to provide the amount of rent paid by EATSCO for use of the space at 7777 Leesburg Pike. He commented that this is privileged information and would be valuable information for a competitor of his. He said his attorney has advised him to provide such information only in response to a subpoena.

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He said there was an entity called SEICO which at one time utilized some space on the fourth floor at 7777 Leesburg Pike. EATSCO paid for the lease expenses and vouched for SEICO. He said he understood that SEICO sold securities systems and he associates [] with SEICO. He said he talked to [] a number of times when they were at that building. He said SEICO only stayed there a couple of months and has been gone possibly as much as six months. He said after they left, he received calls from creditors and possibly lawyers inquiring about SEICO.

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He said there was also an entity called TERSAM or TERSAN which was on the directory board on the first floor and which was indicated to be associated with EATSCO when they were subtenants of Undersea Research. He cannot provide any more information regarding TERSAM or TERSAN.

[] advised that if a subpoena was issued for the records he has regarding EATSCO, he would accompany these records to the appropriate location in response to the subpoena. He noted that the Beatty Managing Company, Inc., 6824 Elm Street, McLean, Virginia, also has some records regarding EATSCO's lease and a subpoena should probably be issued to them also if the complete record was desired in the future.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/26/82

(PROTECT IDENTITY)

[redacted] was interviewed on this date at the office of Assistant United States Attorney [redacted] Fourth Floor, U. S. Courthouse, Third and Constitution Avenues, Washington, D.C.

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Present during this interview were the following persons:

Assistant U. S. Attorney [redacted] - Washington, D. C.; Assistant U. S. Attorney [redacted] Washington, D. C.; Assistant U. S. Attorney [redacted] - Alexandria, Virginia; [redacted] U. S. Department of Justice; unidentified Departmental attorney, U. S. Department of Justice; Special Agent [redacted] - WFO; SA [redacted] - Alexandria; SA Thomas Fitzpatrick - Alexandria.

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AV-206-182-10

Investigation on 3/4/82 at Washington, D. C. File # Alexandria 58-222
by SA [redacted] and [redacted] Alexandria 58-223
by SA Thomas Fitzpatrick TF:sw Date dictated 3/5/82

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DATE 7/5/08 BY SP5C.10MS

AX 58-222
AX 58-223

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[REDACTED]

[REDACTED]

[REDACTED]

1)

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

4)

[REDACTED]

[REDACTED]

[REDACTED]

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AX 58-222
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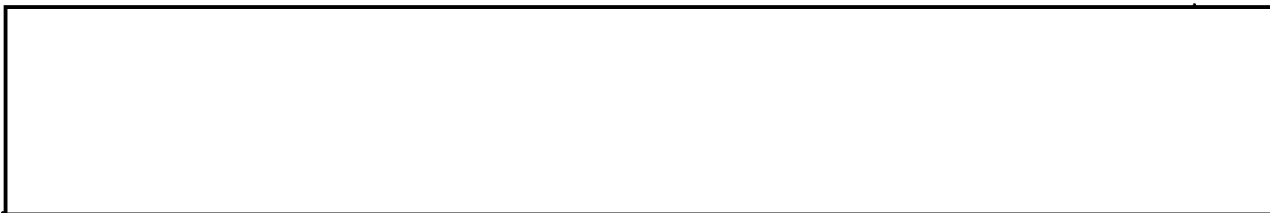
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BE SURE NAME, BUSINESS AND
ADDRESS MATCH YOUR FILE.

ANSWERING
INQUIRY

SUBSCRIBER: 061-000639LM
ba/ax/fitz

FULL REVISION

DUNS: 03-775-9305
EGYPTIAN AMERICAN TRANSPORT
AND SERVICES CORPORATION
+EATSCO

7777 LEESBURG PIKE
FALLS CHURCH VA 22043
TEL: 703 734-1551

DATE PRINTED
MAR 11 1982

ARRANGERS OF
TRANSPORTATION
SIC NO.
47 23

RATING --
STARTED 1979
PAYMENTS SEE BELOW
EMPLOYS 20
HISTORY INCOMPLETE

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)
REPORTED PAYING HIGH NOW PAST SELLING LAST SALE
RECORD CREDIT OWES DUE TERMS WITHIN

2/82	Ppt	10000				
1/82	Ppt	1000	-0-	-0-	N30	4-5 Mos
12/81	Ppt	750	-0-	-0-		4-5 Mos
11/81	Ppt	1000	250	-0-	N7	1 Mo
4/81	Slow 15	50	-0-	-0-	N30	

Payment experiences reflect how bills are met in relation to the terms granted.
In some instances payment beyond terms can be the result of disputes over merchandise,
skipped invoices etc.

FINANCE
02/08/82

On FEB 08 1982

declined financial information.

HISTORY
02/08/82

THOMAS CLINES, V. PRES & TREAS

DIRECTOR(S): THE OFFICER(S)

Incorporated Delaware Aug 10 1979. Authorized capital consists of 200 shares
common stock, no par value. Business started 1979 by officers. 100% of capital stock
is owned by officers. Starting capital Declined.

THOMAS CLINES Antecedents declined. Started this operation in 1971.
Antecedents declined. Started this operation in 1979

this operation.

began with

OPERATION
02/08/82

Agents acting as arrangers of transportation for international cargoes.
Net 30 day. Sells to commercial concerns. Territory international.
Nonseasonal.

EMPLOYEES: 20 including officers.

FACILITIES: Rents 2,600 sq. ft. on 3rd floor of 5 story concrete building in
normal condition. Premises neat.

LOCATION: Suburban business section on well traveled street.

03-11(134 /17)

49204

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AX-206A-182-11

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FEDERAL BUREAU OF INVESTIGATION

3/25/82

Date of transcription

[redacted] Delaware Secretary of State,
made available certified copies of Certificate of Incorporation and latest annual report for Egyptian-American Transport and Services Corporation.

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DATE 7/5/88 BY SP5cr/oms

44-706A-182-12

Investigation on 3/17/82 at Dover, Delaware File # BA 58-696
by SA [redacted] :mjm Date dictated 3/24/82

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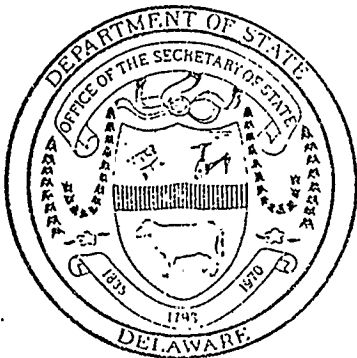
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State
of
DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton, Secretary of State of the State of Delaware,
do hereby certify that the attached is a true and correct copy of
Certificate of _____ Incorporation
filed in this office on _____ August 10, 1979



Glenn C. Kenton

Glenn C. Kenton, Secretary of State

BY: _____

D. J. [Signature]

DATE: _____

March 4, 1982

CERTIFICATE OF INCORPORATION

OF

EGYPTIAN-AMERICAN TRANSPORT AND SERVICES CORPORATION

FIRST. The name of the corporation is EGYPTIAN-AMERICAN TRANSPORT AND SERVICES CORPORATION.

SECOND. The address of its registered office in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent is The Corporation Trust Company.

THIRD. The nature of the business, or objects or purposes to be transacted, promoted or carried on are to engage in any lawful activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares of stock which the corporation shall have authority to issue is two hundred (200) shares, all of one class designated Common Stock, having no par value.

FIFTH. The name and mailing address of the incorporator are as follows:

✓

NAME

MAILING ADDRESS

Rand L. Allen

1800 M Street, N.W.
South Building
Washington, D.C. 20036

SIXTH. The business of the corporation shall be managed by a Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed in the manner provided in the By-Laws.

SEVENTH. The corporation is to have perpetual existence.

EIGHTH. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

NINTH. Meetings of stockholders may be held outside the State of Delaware, if the By-Laws so provide. The books of the corporation may be kept (subject to any provision contained in applicable statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the corporation. Elections of directors need not be by ballot unless the By-Laws of the corporation shall so provide.

TENTH. The corporation reserves the right to amend, alter, change or repeal any provision contained in this

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certificate of incorporation, in the manner now or hereafter prescribed by statute.

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly has hereunto set his hand and seal this 8th day of August, 1979.

Rand Lall

Incorporator.

[SEAL]

✓

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 7/8/82

TO: *EW/wh* SAC, ALEXANDRIA (206A-182)

FROM: SAC, NEW ORLEANS (206A-83) (P)

THOMAS GREGORY CLINES;

[REDACTED]
 EGYPTIAN AMERICAN TRANSPORT
 AND SERVICES CORPORATION (EATSCO)
 FAG - DOD;
 FOREIGN CORRUPT PRACTICES ACT
 OO: AX

Re Alexandria airtel to Houston dated 6/24/82.

Enclosed for Alexandria is a copy of a subpoena,
 which was served on [REDACTED] on [REDACTED],
 [REDACTED], for return to USA, Alexandria.

For information of Alexandria, [REDACTED] advised
 he would contact AUSA [REDACTED] direct regarding
 an extension of time to locate records, as the records being
 requested would take some time to locate and are possibly
 in locations other than [REDACTED].

② - Alexandria (Enc. 1)
 3 - New Orleans
 (2 - 206A-83)
 (1 - 66F-3037)
 JPG-jss
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Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

X AIRTEL

7/8/82

TO: SAC, ALEXANDRIA (206A-182)
FROM: SAC, NEW ORLEANS (206A-83) (P)

THOMAS GREGORY CLINES:

[REDACTED];
EGYPTIAN AMERICAN TRANSPORT
AND SERVICES CORPORATION (EATSCO)
FAG - DOD;
FOREIGN CORRUPT PRACTICES ACT
OO: AX

b6
b7C

Re Alexandria airtel to Houston dated 6/24/82.

Enclosed for Alexandria is a copy of a subpoena,
which was served on [REDACTED] on [REDACTED],
[REDACTED], for return to USA, Alexandria.

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For information of Alexandria, [REDACTED] advised
he would contact AUSA [REDACTED] direct regarding
an extension of time to locate records, as the records being
requested would take some time to locate and are possibly
in locations other than [REDACTED].

(2) - Alexandria (Enc. 1)
3 - New Orleans
 (2 - 206A-83)
 (1 - 66F-3037)
JPC-jss
(5)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/15/88 BY SP5C10mS

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 7/19/82

[redacted]
[redacted]
[redacted] were contacted at their place of
business, [redacted]

[redacted] Pursuant to a Federal Grand Jury subpoena served on
[redacted] provided the below

named Special Agents with [redacted]
[redacted]

These files consist of [redacted].
An inventory of these [redacted] was prepared by
Federal Bureau of Investigation [redacted]
[redacted] and placed in a 1-A envelope.

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These folders and a copy of the inventory were
turned over to Assistant United States Attorney [redacted]
[redacted] by [redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5ca/dms

Investigation on 7/12/82, 7/13/82 [redacted] File # Alexandria 206A-182

by SA [redacted] *[signature]* MJA:srt Date dictated 7/13/82

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/12/821

[redacted]
[redacted] was served a subpoena to testify before Grand Jury, United States District Court, Eastern District of Virginia - Alexandria.

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[redacted]
the Grand Jury upon specified time.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C110ms

Investigation on 7/2/82 at [redacted] File # HO 58-360
1576 12 9/6/82 by SA [redacted] - swb 9K Date dictated 7/9/82 19
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/16/82

[redacted] was interviewed on the morning of this date at a conference room in the basement of the Office of the United States Attorney, 701 Prince Street, Alexandria, Virginia. She was accompanied throughout by the attorney for the Egyptian American Transport and Services Corporation (EATSCO), [redacted]. At the outset she was advised of the official identities of the interviewing Special Agents and of the nature of the interview.

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She provided the following information:

BACKGROUND:

She advised that she was born on [redacted] at [redacted]. In [redacted] she graduated from [redacted] [redacted] obtained a [redacted] Washington, D.C. She advised that she is [redacted] and until [redacted] [redacted] She said she presently resides at [redacted]

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b7CASSOCIATION WITH [redacted]

In late March or early [redacted], she started working as [redacted] and [redacted] for an entity called [redacted], located at [redacted] was involved in real estate development and the principals in this entity were [redacted], and [redacted]. At the outset, she was the [redacted]

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[redacted] an entity called Tersam, whose [redacted] was [redacted]. Tersam at around that time was in the process of attempting to obtain a service contract with the Egyptian Government to handle shipment of military equipment purchased in the United States with a U.S. Foreign Military sales loan.

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Investigation on 7/14/82 at Alexandria, Virginia File # 58-222-206A-182
by SA Thomas FitzPatrick and
SA [redacted] Date dictated 7/15/82

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In about June to July, 1979, Tersam joined with an entity called SSI to form EATSCO. The principal with SSI was Tom Clines.

She recalled that in about May, 1979, the employees at the office began to expand as Tersam, USA expanded. She mentioned that Tersam, USA was an entity incorporated in the United States and [] was the [] with it.

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She said she heard that [] needed a United States contact with experience operating in the United States and as a result he got Clines and SSI to join with him in becoming EATSCO.

She said [] EATSCO. Her position at present is that of [] and she answers to []

Her duties as [] involve [] the [] EATSCO, Tersam and Krumbsa, as well as for East Aviation. She said she also does [] for the National Alarm Service Corporation (NASC). Regarding NASC, EATSCO is a fifty-one percent owner of it with the remaining forty-nine percent being owned by Maynard Nelson []

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[] advised that for her work with EATSCO she receives a [] this salary. She also receives [] for her work with East Aviation and [] for her work with Tersam.

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In her position []
[] These are as follows:

1. [], who functions as [] [] and has been in that position for about three and a half to four months.
2. [], who performs functions relating to [] and [] She has been employed there for just over a year.

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3. [redacted], who handles [redacted]
[redacted], and [redacted] for East
Aviation. She has been there about a year.

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4. [redacted], who functions [redacted]
and assists in various areas where needed. She
has been there just over a year.

She said these above employees were added with the
growth of EATSCO and the only employee that she had previously
who left was [redacted], who was the [redacted] at one time.
She said up to about a year ago, [redacted]
[redacted] with assistance by [redacted]

COLONEL BRANDT:

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She said Colonel Brandt handles logistics matters and
puts together the vouchers that are submitted to [redacted]
[redacted]. She said once these vouchers are prepared
they are submitted [redacted] for checking them as to
accuracy (but not content).

R. G. HOBELMANN COMPANY:

She said she talks to [redacted] personnel at this company
in connection with arranging [redacted] Her prime contact in this
regard is [redacted]

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EAST AVIATION:

She said [redacted] is [redacted] East Aviation.

AFI:

She said she usually goes through the R.G. Hobelmann
Company in regards to business relating to AFI. Her prime
contact in this regard is [redacted], who is either with
AFI or with the Hobelmann Company. He works at the AFI warehouse
near Baltimore, Maryland.

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SALARIES AT EATSCO:

She said that EATSCO has no formal budget but that [redacted] for EATSCO employees.

She said on the corporate account three signatures are necessary for disbursements. The authorized persons in this regard are [redacted] and Bud Brandt. She mentioned that Maynard Nelson is also authorized to sign in lieu of [redacted] or Brandt.

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BANK ACCOUNTS:

She said that EATSCO has or has had the following bank accounts:

Riggs National Bank: There are presently three accounts at this bank; (1) an EATSCO operating account; (2) an EATSCO payroll account; (3) a trust account in the name "EATSCO Trust Account". (This account is associated with the Egyptian Government).

She said ~~former~~ly there was an EATSCO savings account at the Riggs National Bank and there was also another trust account. The reason for closing the trust account is unknown and it was only open for a brief period in 1979. It was in the name "EATSCO Trust Account" and was also associated with the Egyptian Government.

First American Bank: There are presently two accounts at this bank; (1) an EATSCO operating account; (2) and a trust account in the name "EATSCO Trust Account" which is associated with the Egyptian Government.

She said that EATSCO had one other trust account at the First American Bank in the past.

Town and Country Bank, Falls Church, Virginia:

She said EATSCO has one account at this bank and this is an operating account which functions as a petty cash account for small disbursements.

Credit Suisse Bank, Geneva Switzerland:

EATSCO formerly had a trust account at this bank in the name "EATSCO Trust Account." This account was closed out as the financial return on the account was not as good as could be obtained in the United States. This account was closed out in about February, 1982, and had been opened for over a year.

FUND TRANSFERS:

She said to make transfers between the trust accounts, EATSCO did not need the approval of Egyptian Government officials. For any disbursement from any of these trust accounts, however, the approval of Egyptian officials was necessary. She said EATSCO did transfer funds between the trust accounts in connection with short term investments.

ADVANCES TO EATSCO:

She advised that in connection with the over fifty million dollars in advances received by EATSCO, which funds had originated at the U.S. Treasurer's Federal Financing Bank, these advances were put into trust accounts. The advances were granted for the purpose of being held for disbursement as charges for shipments and related to shipments occurred. Once disbursements were made in connection with the advances, vouchers were sent by EATSCO to the Egyptian Government showing them how the funds had been disbursed.

She said [] initially decided where the advance money would be placed and for how long. [] said that [] makes the investment decisions in this regard.

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She said she understood that interest received in connection with these advances was to go to EATSCO and she said that she was aware that the Egyptian Government had sent a letter to EATSCO to this effect. She said she is not aware of any document or communication to the United States Department of Defense or the United States Treasury Department telling them of this arrangement between EATSCO and the Egyptian Government.

She said it appeared to her that the advances went to EATSCO as they were necessary to give EATSCO capital to operate as the Logistics Manager for Egypt in connection with the U.S. Foreign Military sales loan purchases.

INVESTMENT OF ADVANCES RECEIVED:

The advances that were received were invested in the following three instruments:

1. Certificates of deposit.
2. Euro dollars.
3. Repurchase agreements.

She said the certificates of deposit were purchased at the Riggs National Bank and the First American Bank.

She said the Euro dollars are dollars deposited outside the United States, purchased from the Credit Suisse Bank and the Riggs National Bank.

She said the repurchase agreements were short term investments that involved the purchase of a government security which had a specified repurchase date.

[] said [] handled the mechanics on all three categories of the investments except for the Credit Suisse Bank Euro dollar purchases which [] handled himself.

LOANS TO EATSCO OFFICERS:

She said in two installments of five hundred thousand dollars each, Tom Clines was loaned one million dollars in Mid-August, 1981, by EATSCO. She said that this money was money that EATSCO earned and that was the largest loan made to any officer of EATSCO. She said the two installments were about a week apart in Mid-August, 1981. []
Tom Clines []

[] his obtaining this one million dollar loan from EATSCO. She said she believes

this money came out of the EATSCO operating account at either the Riggs National Bank or the First American Bank. [redacted] providing this money to Clines. She recalls that one of the checks was from the Riggs National Bank for five hundred thousand dollars.

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In connection with this loan, interest, possibly in the neighborhood of nine to twelve percent, was taken out of Clines monthly salary. Eventually, the loan was assigned to SSI and became part of the settlement that EATSCO made with SSI when Clines severed his association with EATSCO. She said the final payment in connection with this settlement occurred in early July, 1982, and was for two hundred and fifty thousand dollars. She thinks the final settlement between EATSCO and SSI was for 2.25 million dollars. The settlement was also to include interest due on the loan and Clines also obtained a Mercedes automobile and office furniture from his office at EATSCO in connection with the settlement.

[redacted] said she worked [redacted] Tom Clines and [redacted] at EATSCO but worked [redacted]

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EATSCO PROFIT:

She said she understands that EATSCO obtains its profit as follows:

1. From the management fee of .23 percent.
2. From interest income derived from investment of U.S. Treasury Department advances.
3. From commissions earned on ocean and air freight. One such commission was a booking commission which would be paid for example by a shipping line. Another possible commission, exact nature unknown, was where EATSCO obtained a check from the R.G. Hobelmann Company. She said there was a split arrangement between EATSCO and the Hobelmann Company on commissions wherein EATSCO got 75 percent and Hobelmann got 25 percent.

AX 58-222
AX 206A-182

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EATSCO AUDITS:

She said EATSCO is audited annually by [redacted]
[redacted] as of the end of the
fiscal year (October 31).

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She advised in early 1982, [redacted]
[redacted]

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[redacted] said that representatives of the Egyptian Government have come over to review EATSCO operations in the past. She said she never talked to any of these representatives about finances or accounting matters at EATSCO and said that Bud Brandt handled these visitors in this regard.

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[redacted]
She said she has had limited contact with representatives of this office but has met officials there. She said Bud Brandt is the main contact for them at EATSCO.

MARITIME ADMINISTRATION:

[redacted] Bud Brandt in "restating the invoices" in connection with some questions that had been raised by the Maritime Administration regarding EATSCO's invoices. She said the "bottom line" did not change in connection with these invoices when they were "restated" but that the charges reflected thereon were recategorized. She said as far as she knows, Brandt, did the recategorizing.

LEDGERS:

She said EATSCO has a "detailed general ledger" that had been generated through the computer of the CPA Firm that handles EATSCO's account. The use of this computer started a couple of months after EATSCO began its operations. She said at present, EATSCO has its own "in-house" computer which is still in the process of being set up. This computer was obtained so that EATSCO could be more up to date through use of its own computer. So far this EATSCO computer only contains data for 1982. She said she does not know if the previous information regarding EATSCO is still on the CPA Firm's computer but said that EATSCO has the printouts from that computer.

EATSCO COMPUTERS:

She said that EATSCO has two computers, one at the EATSCO office at Falls Church, which is a Basic Four System 410 and is the one mentioned just above. Another computer is at the AFI warehouse near Baltimore and is a Basic Four Computer, model unknown. This latter computer is used in connection with cost accounting relating to shipments.

[redacted]
He is [redacted] who became employed at EATSCO at the end of [redacted]. He is [redacted] at EATSCO and functions as sort of a [redacted] responsible for [redacted] activities at EATSCO.

CASH:

She said EATSCO initially tried to build up cash reserves as the fluctuation in shipping expenses requires such reserves.

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LETTERS OF CREDIT:

She said Bud Brandt primarily handles these matters.

EATSCO BILLING SYSTEM:

For billings relating to the Foreign Military Sales Program, a voucher system is utilized which Bud Brandt handles. She said [redacted] checks the accuracy of the figures submitted and matches these also to his computer printout.

For billings relating to Non-Foreign Military sales matters these go through Brandt's department, but [] does the actually invoicing.

[] R.G. HOBELMANN COMPANY:

She said she has met [] and has had some contact with him. She does not know who selected Hobelmann to be EATSCO's freight forwarder but that the Hobelmann Company was brought in at an early stage in EATSCO's operations.

[] TRAVEL:

She said she has made [] foreign trips in connection with her EATSCO employment and all have been since []. She made one trip to [] to meet with [] at [] in []. She travelled by herself and this was in connection with business matters involving bringing him up to date on how things were going at EATSCO.

She also made one trip [] to []. The trip to [] was at the end of [] and was to bring [] up to date on EATSCO matters. The trip to [] was approximately [] and was to meet Mr. [] to bring him up to date. Discussed during that meeting also was [] the employees at EATSCO.

She said all [] trips as mentioned above were made by herself and she travelled via first class.

[]
She said she [] and she mentioned that he has been out of the country since the end of []. She said he has always travelled a great deal since she has been associated with him, but she cannot recall him being gone for this long a period in the past.

She said that he has a residence in a [] apartment in [] and she thinks that his family is residing there with him now in connection with []. She said she initially met [].

AX 58-222
AX 206A-182

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TOM CLINES:

She met Clines through [] and her relationship with Clines has been a professional one.

[]

She does not know [] personally.

[]

She does not know him personally, has never met him, but knows that he had something to do with the operations of []

TED SHACKLEY:

She knows that Shackley was an associate of Tom Clines and she said she may have met him at the EATSCO office in the past.

[]

She said in connection with her visits to meet with [] abroad on [] occasions, as mentioned above, she never [] on those occasions. She said that [] had taken loans from EATSCO in the past and these ranged from a few hundred dollars in amount to up to aggregate amount of a hundred thousand dollars. She said she does not believe that EATSCO "booked any interest" in connection with these loans to [] and she does not think that there was any formal note prepared in connection with them. She indicated that the interest on these loans varied.

EATSCO COMPANY CARS:

She said that Bud Brandt, Maynard Nelson, [] [] and [] all have been provided with Oldsmobile vehicles that are EATSCO Company cars. She said that [] has a company car which is a Mercedes-Benz automobile.

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AX 58-222
AX 206A-182

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EATSCO'S CPA CONTRACT:

She said [] is her prime contact at the [] [] is at EATSCO two days a week or more and she [] contact with him. She said [] is [] at the CPA Firm who is in charge of the EATSCO account.

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[]
He was employed by EATSCO in the past and was in charge of the National Alarm Service Company as well as of Systems Engineering Company (SEICO). [] left shortly after Tom Clines left EATSCO. She said that [] [] has no known relationship to []

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[]
She said she has heard this name in the past but cannot associate it further.

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TERSAM OF PANAMA:

She said that EATSCO has made some payments to Tersam of Panama and one was a reimbursement of expenses in connection with a plane chartered in Europe. She said she thinks that no single payment was made to Tersam that exceeded one hundred thousand dollars.

EATSCO - EGYPTIAN GOVERNMENT:

She said that EATSCO obtained []
[]
[] (At the mention of this, Attorney [] made available a copy of [], a copy of which is being attached to this FD-302).

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memorandum

DATE: 7-19-82

REPLY TO
ATTN OF:SUBJECT: THOMAS GREGORY CLINES;
ET AL
FAG-000; FCPA
TO: OO: AX

AX File # 206A-182

On Friday, July 16, 1982 Bu Agents Thomas Fitzpatrick, [REDACTED] and Accounting Technician [REDACTED] met with AUSA [REDACTED], at which time [REDACTED] made the following requests:

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1)

[REDACTED]
[REDACTED]
[REDACTED]

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2)

[REDACTED]

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3)

[REDACTED]

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4)

[REDACTED]
[REDACTED]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C/LMS

1- AX 206A-182

JHC

(1)

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

206A-182-21

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 19 1982	
OPTIONAL FORM NO. 10	
(REV. 7-76)	
GSA FPMR (41 CFR) 101-11.6	
5010-112	



FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/19/82

[redacted]
[redacted]
[redacted] was contacted at his place of business. [redacted]
advised as follows:

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[redacted]

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[redacted]

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/15/88 BY SP5ail oms

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KAR 9-42
Investigation on 7/12/82 at [redacted] File # Alexandria 206A-182-
by SAs [redacted] and [redacted] Date dictated 7/13/82
[redacted] :MJA:kar

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/20/82

[redacted]
[redacted] was interviewed at the United States Attorney's Office, Prince and Washington Streets, Alexandria, Virginia. Upon being informed of the purpose of the interview and the official identity of the interviewing agents, [redacted] advised as follows:

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[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

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[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

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[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/15/88 BY SP5c11 oms

Investigation on 7/2/82 at [redacted] File # Alexandria 206A-182-SA
SA

JHC:db

7/9/82

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AX 206A-182

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[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

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Memorandum



To : SAC, ALEXANDRIA (206A-182) (SQ 4) (P) Date 7/21/82

From : SA [redacted]

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Subject : THOMAS GREGORY CLINES;
ET AL
FAG - DOD
FOREIGN CORRUPT PRACTICES ACT
(OO: AX)

On 7/19/82, AUSA [redacted] told SA [redacted] that he needed to be briefed on the current status of captioned investigation. AUSA [redacted] said that he would be meeting with U. S. State Department officials regarding captioned matter and needed to be up-to-date for this meeting. AUSA [redacted] told SA [redacted] to reserve July 27th and 28th for this purpose.

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On 7/20/82, AUSA [redacted] told SA [redacted] to only lock the combination lock on the door to the basement vault of the U. S. Attorney's Office. AUSA [redacted] said it would no longer be necessary to lock the deadbolt on the door.

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2-Alexandria
MJA:kar
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Kar

206A-182-24

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 21 1982	
FBI-ALEXANDRIA	

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5al oms

SAC, ALEXANDRIA (206A-182) (SQ 4) (P)

7/21/82

SA [REDACTED]

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THOMAS GREGORY CLINES;
ET AL
FAG - DOD
FOREIGN CORRUPT PRACTICES ACT
(OO: AX)

On 7/19/82, AUSA [REDACTED] told SA [REDACTED] that he needed to be briefed on the current status of captioned investigation. AUSA [REDACTED] said that he would be meeting with U. S. State Department officials regarding captioned matter and needed to be up-to-date for this meeting. AUSA [REDACTED] told SA [REDACTED] to reserve July 27th and 28th for this purpose.

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On 7/20/82, AUSA [REDACTED] told SA [REDACTED] to only lock the combination lock on the door to the basement vault of the U. S. Attorney's Office. AUSA [REDACTED] said it would no longer be necessary to lock the deadbolt on the door.

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2-Alexandria
MJA:kar
(2) *kar*

206A-182-24

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 21 1982	
FBI-ALEXANDRIA	

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,551
DATE 7/15/88 BY SP5CIL/MS

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 7/21/82

[REDACTED]

[REDACTED] Pursuant
to a Federal Grand Jury subpoena served [REDACTED]
[REDACTED] provided the below-named Special Agents with
a folder labeled [REDACTED] This folder

[REDACTED]
[REDACTED]
[REDACTED]

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As instructed by Assistant United States Attorney
(AUSA) [REDACTED], Special Agent [REDACTED]
[REDACTED] placed this folder and its contents in a designated
area of the U. S. Attorney's Office.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/5/88 BY SP5C/LDM/S

Investigation on 7/19/82 at [REDACTED] File # Alexandria 206A-182-
by SA [REDACTED] SA [REDACTED] Date dictated 7/20/82

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/22/82

[redacted]
[redacted] was contacted at his place of employment, [redacted], telephone number [redacted] [redacted] was advised of the official identities of the contacting Special Agents and the reason for the contact. He provided the following information:

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[redacted]

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[redacted]:

[redacted]

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[redacted]

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[redacted]

Investigation on 7/12/82 at [redacted] File # 206A-182 -26
by SA [redacted] Date dictated 7/15/82

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/27/82

[redacted]
[redacted]
[redacted] Pursuant to a Federal Grand Jury subpoena served
[redacted] furnished the following to the below
named Special Agents:

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[redacted]

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of the above items. These items were placed in a room
of the United States Attorney's Office as designated by
Assistant United States Attorney [redacted]

[redacted]
furnished was verified by SA [redacted], and placed
in a 1-A envelope.

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b7CInvestigation on 7/21/82 at [redacted] File # Alexandria 206A-182 -by SA [redacted] Date dictated 7/21/82
SA [redacted]b3
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PP AX

DE HQ #0112 3 2112651

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P 291945Z JUL 82

FM DIRECTOR FBI

TO SBI ALEXANDRIA PRIORITY

BT

UNCLAS

WHITE COLLAR CRIME ASPECTS OF THE WILSON/TERPIL INVESTIGATIONS;
BRIBERY/CONFLICT OF INTEREST; FCPA; OO: ALEXANDRIA.

REFERENCE FBIHQ AIRTELS TO ALEXANDRIA DATED APRIL 22, 1982,
APRIL 27, 1982, AND JULY 1, 1982; AND CONVERSATIONS BETWEEN
FBIHQ SUPERVISOR [REDACTED] AND ALEXANDRIA SUPERVISOR
[REDACTED], JULY 21, 1982, AND JULY 26, 1982.

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AS PREVIOUSLY NOTED, FBIHQ MUST BE CONTINUOUSLY APPRISED
OF THE STATUS OF ALL INVESTIGATIONS RELATING TO CAPTIONED
MATTERS, IN ORDER TO FULFILL THE FBI'S VARIOUS RESPONSIBILITIES.
THESE INCLUDE REPORTING RESULTS OF OUR INVESTIGATIONS IN
WRITING TO THE DEPARTMENT OF JUSTICE (DOJ), AND DISSEMINATING
PERTINENT INFORMATION TO OTHER AGENCIES THAT HAVE AN INTEREST
IN WILSON/TERPIL MATTERS. ADDITIONALLY, FBIHQ, AS WELL AS

206A-182-30

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 30 1982	
ANDRIA	
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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C11PMS

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Pw
9/82

PAGE TWO DE HQ 0112 UNCLAS

ALEXANDRIA REPRESENTATIVES NEED TO BE AWARE OF CURRENT DEVELOPMENTS IN THESE MATTERS PRIOR TO MEETINGS OF THE DOJ WILSON/TERPIL TASK FORCE.
ORCE.

IT IS NOTED THAT NUMEROUS INVESTIGATIONS OR PRELIMINARY INQUIRIES OF VARYING SIGNIFICANCE HAVE BEEN INITIATED. ALEXANDRIA IS REQUESTED TO SUBMIT "INVESTIGATIVE REPORTS" ON THE FOLLOWING CASES:

- 1) [REDACTED]
[REDACTED] THOMAS G. CLINES; BRIBERY/COI (AX 58-222)
- 2) [REDACTED]; THOMAS G. CLINES; BRIBERY/COI
(AX 58-223)
- 3) THOMAS GREGORY CLINES; [REDACTED] EATSCO;
FAG-DOD; (AX 206-132)
- 4) [REDACTED] EDWIN P. WILSON; BRIBERY/COI
(AX 58-228)
- 5) [REDACTED] EDWIN P. WILSON; BRIBERY/COI
(AX 58-229)
- 6) [REDACTED] EDWIN P. WILSON; BRIBERY/
COI (AX 58-230)

EACH REPORT SHOULD CONTAIN RESULTS OF ALL INVESTIGATION

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PAGE THREE DE HQ 0112 UNCLAS

CONDUCTED TO DATE, ALONG WITH SYNOPSIS AND TABLE OF CONTENTS.

INASMUCH AS OTHER CASES RELATING TO CAPTIONED MATTER WERE RECENTLY INITIATED AND MANY ARE PRELIMINARY INQUIRIES, ALEXANDRIA IS REQUESTED TO SUBMIT RESULTS OF INVESTIGATION BY LHM OR SUMMARY AIRTEL IN THESE MATTERS. LHMS SHOULD BE SUBMITTED IN ALL CASES IN WHICH INTERVIEWS HAVE BEEN CONDUCTED, OR IN CASES IN WHICH THERE ARE SIGNIFICANT DEVELOPMENTS.

ALEXANDRIA IS REQUESTED TO SUBMIT AFOREMENTIONED REPORTS BY SEPTEMBER 30, 1982, AND LHMS OR AIRTELS ON THE REMAINING CASES BY AUGUST 31, 1982.

IT IS NOTED THAT DISCUSSIONS AT DOJ WILSON/TERPIL TASK FORCE MEETINGS FREQUENTLY INVOLVE THE STATUS AND DIRECTION OF PENDING INVESTIGATIONS AND THE USE OF INVESTIGATIVE RESOURCES. THEREFORE, SUPERVISOR [REDACTED] SHOULD ATTEND ALL FUTURE MEETINGS (UNLESS HE IS UNAVAILABLE) TO PROPERLY REPRESENT THE INTEREST OF THE ALEXANDRIA DIVISION SO VITALLY NECESSARY TO ENSURE THE SUCCESSFUL OUTCOME OF THESE HIGHLY VISIBLE AND IMPORTANT INVESTIGATIONS.

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FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 7/29/82

[redacted]
[redacted]
[redacted] Pursuant to a Federal Grand Jury
subpoena served [redacted]
[redacted]

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Special Agents [redacted] and
[redacted] transported these documents to
the United States Attorney's office in Alexandria,
Virginia, and placed them in a room designated by
Assistant United States Attorney [redacted]

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FBI [redacted]
inventoried these records. A copy of this inventory
will be placed in a 1-A envelope.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C11DMS

Investigation on 7/23/82 at [redacted] File # Alexandria 206A-182 - 32
by SA [redacted] Date dictated 7/26/82

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SAC, ALEXANDRIA (206A-182) (P) (SQ 4)

7/29/82

SA [REDACTED]
SA [REDACTED]

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THOMAS GREGORY CLINES;

[REDACTED]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD
FCPA
(OO:AX)

Attached is the Audit Program (Plan) for the financial audit (investigation) of the Egyptian American Transport and Services Corporation (EATSCO). This audit program was prepared by SA's [REDACTED] and [REDACTED] with input from SA Thomas FitzPatrick. It provides a summary of the work to be done in connection with a financial investigation of EATSCO.

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Prior to being typed in final form, a draft of the audit program was furnished to Assistant United States Attorney [REDACTED]. During the week of July 19, 1982, AUSA [REDACTED] told SA [REDACTED] that the audit program had been reviewed and approved by both AUSA [REDACTED] and [REDACTED] Deputy Chief-Public Integrity Section, United States Department of Justice.

206A-182-33

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 29 1982	
FBI-ALEXANDRIA	

②-Alexandria
MJA:trc
(2) *trc*

1*

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SPSC/oms

Memorandum



To : SAC, ALEXANDRIA (206A-182) (P) (SQ 4) Date 7/29/82

From : SA [redacted]
SA [redacted]

Subject : THOMAS GREGORY CLINES;
[redacted]

EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD
FCPA
(OO:AX)

b6
b7C

Attached is the Audit Program (Plan) for the financial audit (investigation) of the Egyptian American Transport and Services Corporation (EATSCO). This audit program was prepared by SA's [redacted] and [redacted] with input from SA Thomas FitzPatrick. It provides a summary of the work to be done in connection with a financial investigation of EATSCO.

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b7C

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b7C

206A-182-33

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 29 1982	
FBI-ALEXANDRIA	

②-Alexandria

MJA:trc

(2) *tuc*

1*

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/15/88 BY SP5C/LAM

GRAND JURY NO.
JOHN DOE NO.

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

b3

to

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You are hereby commanded to appear in the United States District Court for the Eastern
District of Virginia at in the city of
Alexandria to
testify before the Grand Jury and bring with you¹

see attached.

This subpoena is issued on application of the United States:

Assistant United States Attorney
701 Prince Street
Alexandria, VA 22314

W. FARLEY POWERS, JR.

Date

Clerk. b3
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b7C

By *Reece M. Luffalon*
Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at _____ on _____
and on _____ at _____ I served it on the
within named _____
by delivering a copy to _____ and tendering² to _____ the fee for one day's attendance and the mileage
allowed by law.

Date _____, 19____ By _____

Service Fees
Travel _____ \$
Services _____
Total _____ \$

²Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof. 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs (Rule 17(b), Federal Rules Criminal Procedure).

GRAND JURY NO. []
JOHN DOE NO. []

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

b3

to

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b7C

You are hereby commanded to appear in the United States District Court for the Eastern

District of Virginia at [] in the city of
Alexandria [] to

testify before the Grand Jury and bring with you¹

see attached.

This subpoena is issued on application of the United States:

[]
Assistant United States Attorney
701 Prince Street
Alexandria, VA 22314

W. FARLEY POWERS, JR.

Clerk.

b3
b6
b7C

Date [] []

By Renee H. Buffaloni
Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at [] on []
and on [] at [] I served it on the
within named []
by delivering a copy to [] and tendering² to [] the fee for one day's attendance and the mileage
allowed by law. []

Date [], 19 [] By []

Service Fees
Travel [] \$
Services []
Total [] \$

²Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof, 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs (Rule 17(b), Federal Rules Criminal Procedure).

FBI

TRANSMIT VIA:

☐ Teletype

☐ Facsimile

☒ Airtel

PRECEDENCE:

☐ Immediate

☐ Priority

☐ Routine

CLASSIFICATION:

☐ TOP SECRET

☐ SECRET

☐ CONFIDENTIAL

☐ UNCLAS E F T O

☐ UNCLAS

Date 8/6/82

TO: SAC, KANSAS CITY

FROM: SAC, ALEXANDRIA (206A-182) (P) (SQ 4)

THOMAS GREGORY CLINES;

EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DCD
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

Enclosed for each receiving office are the following:

1. The original and one copy of a Federal Grand Jury subpoena.
2. A sealed envelope from the United States Attorney, Alexandria, Virginia, addressed to [REDACTED]

For information of receiving offices, EATSCO is an entity located at 7777 Leesburg Pike, Falls Church, Virginia. EATSCO obtained an exclusive contract with the Government of Egypt to manage the shipping of military equipment purchased by Egypt with a 1.5 billion dollar United States foreign military sales loan. Subjects Clines and [REDACTED] formed EATSCO and have been its owners through most of its operations. Clines is a retired Central Intelligence Agency (CIA) official and [REDACTED] is [REDACTED] who resides at [REDACTED]. Fraud allegations have been made against EATSCO.

LEADS:

KANSAS CITY

AT [REDACTED]:

Serve the enclosed subpoena and provide enclosed letter

2-Kansas City (Enc. 6)

3-San Francisco (Enc. 6)

3-Alexandria (2-206A-182) (1-66-384 SUB C)

MJA:blw

(8)

Approved: [REDACTED]

Transmitted (Number)

SEARCHED INDEXED
SERIALIZED FILED

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C110MS

206A-182-37

AX 206A-182

to [REDACTED]
[REDACTED]

SAN FRANCISCO AT [REDACTED]

Serve the enclosed subpoena and provide the enclosed letter to [REDACTED]
[REDACTED]

FBI recipients having questions regarding service of enclosed subpoenas can contact SA Thomas FitzPatrick or SA [REDACTED] of the Alexandria FO (FTS 967-1200).

It is noted that the return date on enclosed subpoenas is [REDACTED]. Alexandria should be notified if the recipients of the subpoenas experience difficulty in meeting the established return date.

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FEDERAL BUREAU OF INVESTIGATION

1.

Date of transcription 7/30/82

On July 30, 1982, [redacted]

[redacted] was interviewed by Special Agent [redacted], Federal Bureau of Investigation (FBI), concerning his company's dealings with Egyptian American Transport and Services Corporation (EATSCO), and EATSCO's service contract with the Egyptian Government in connection with the shipping of equipment purchased with Foreign Military Sales Loan.

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He stated that [redacted] is a business contact of his whom he met in early 1979. He stated that his relationship with [redacted] is purely business and he met [redacted] through [redacted]

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He stated that during the period 1979-1980, he discussed with [redacted] on numerous occasions, in an informal manner, about his company obtaining [redacted] EATSCO. No formal bids resulted from these talks, however, there was one formal bid made for one specific contract, [redacted]. They received and performed that bid.

He stated that in the Summer of either 1979 or 1980, (he could not recall which), there was a meeting held in Falls Church, Virginia concerning the contract with EATSCO. He stated that at this time, he had been led to believe all along by [redacted] that [redacted] EATSCO. At this meeting, [redacted] told [redacted] that he felt bad about it, but [redacted] pressured into giving the contract to HOBELMANN. He stated that when pressed further about why the contract went to someone else, [redacted] would only say [redacted] pressured into it from the American side of the deal and not the Egyptian side. He stated that [redacted] told him no more about where the pressure specifically came from.

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He stated that he met [redacted] in 1978 when [redacted]. He stated that at first, [redacted] was a strict business contact, but subsequently got to know him better through [redacted] in early

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b7DInvestigation on 7/30/82 at New York, New York

by SA [redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,91
DATE 7/15/88 BY SP5C/lloms

206A-100-38
SEARCHED INDEXED 206A-121
SERIALIZED FILED

AUG 30 1982

FBI - ALEXANDRIA

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to
FBI
Abel, Va
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NY 206A-121

2.

1979. He stated that about the same time he met [] and subsequently [] became his main contact.

He stated that there are perhaps a dozen companies who handle the sort of business [] handles, but HOBELMANN was not among them. He stated that he has never discussed with [] about why HOBELMANN got the contract and not [].

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He stated that he has met [] Hobelmann Company, one or two times casually, but has never had any conversation with him concerning why HOBELMANN got the Egyptian contract. He stated that he has heard rumors to the effect that [] had contacts that he had used to obtain the deal.

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He stated that he has met TOM CLINES, but only casually and has no knowledge of CLINES' background, and no knowledge of CLINES being associated with Hobelmann Company or associations with personnel from Hobelmann.

He stated that if the FBI had any further questions concerning this matter to feel free to contact him.

Ex-C.I.A. Agent's Associates Run Arms Export Concerns

The following article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Taubman.

Special to The New York Times

WASHINGTON, Sept. 5.—A series of interlocking businesses here that transfer advanced technology and sensitive military equipment to foreign governments, especially in the Middle East, are operated by a group of men once closely associated at the Central Intelligence Agency with Edwin P. Wilson, a former C.I.A. agent who has been charged with illegally shipping explosives to Libya.

One of the companies, A.P.I. Distribu-

tors Inc., a petroleum services corporation that has employed at least four former C.I.A. agents, was established by Mr. Wilson in 1978 for Thomas G. Clines, who was an active senior agency official at the time, according to Mr. Clines. Another Clines company, Mr. Clines said, was started with a loan arranged in Switzerland that involved Mr. Wilson's Geneva attorney, and Mr. Clines said he could not rule out the possibility that Mr. Wilson was involved in the loan.

Another of the businesses, the Egyptian American Transport and Services Corporation, known as Eatsco, has an exclusive contract with the Egyptian Government to handle the shipment to Egypt of billions of dollars in military equipment bought in the United States. Mr. Clines said he owned 49 percent of Eatsco.

Federal investigators say there is additional evidence linking Mr. Wilson to some of the companies. For example, notations about Eatsco and an affiliate appear in handwritten notes made by a man charged with attempting to murder a Libyan dissident last year in Fort Collins, Colo., Federal law enforcement officials said. These officials said they had evidence that made them believe that the notes were made by the suspect, Eugene A. Tafoya, during or after a meeting with Mr. Wilson. The officials believe Mr. Wilson may have arranged and financed the assassination attempt.

None of the men or corporations have been accused of criminal conduct, according to Federal authorities. All the businessmen involved denied having any current business or financial rela-

tionship with Mr. Wilson. Mr. Wilson's name does not appear on any of the companies' incorporation papers. Mr. Clines said in an interview yesterday that his former ties to Mr. Wilson had "haunted" him and hurt his business.

An Emerging Puzzle

The extent to which these men and companies may be linked to Mr. Wilson is part of the emerging puzzle about all of Mr. Wilson's activities over the last decade.

Already, that puzzle has raised questions for many senior Government officials about the Government's lack of control over the transfer of sensitive technology abroad by former senior military and intelligence officials. They also say they are troubled by the C.I.A.'s inability to prevent private misuse of intelligence and international connections by its current and former employees.

The sale of advanced technology and military equipment abroad is carefully controlled by Federal law and Government regulations that are enforced by the Department of Commerce and the Department of State, but officials at both agencies acknowledge that the laws and regulations have frequently been circumvented by Mr. Wilson and others.

C.I.A. officials say the agency has no mechanism to prevent former employees from capitalizing in private life on intelligence connections and information they acquired while working for the agency. William J. Casey, the Director of Central Intelligence, announced earlier this summer that, largely in response to Mr. Wilson's activities, he had ordered a review of agency policies in this area.

Officials said, for example, that they were concerned that Mr. Wilson had used agency employees in his personal business activities. In one instance in 1976, Mr. Wilson, who was no longer working for the Government, secured the help of key C.I.A. officials in an unsuccessful effort to sell highly sensitive surveillance equipment to Egypt, according to former Wilson associates.

According to Justice Department officials, in another instance, also in 1976, Mr. Wilson hired Rafael Quintero, a former C.I.A. contract agent who had reported to Mr. Clines, for a fee of \$1 million to assassinate a Libyan dissident living in exile in Egypt.

Such an assassination plan, detailed in the 1980 indictment of Mr. Wilson, was never carried out. In 1978, public records in Texas show, Mr. Quintero became secretary and director of A.P.I. Distributors.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 243,591
DATE 7/5/88 BY SP5C11 QMS

206 A-182-39

SEARCHED	INDEXED
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FBI	

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The establishment of the corporations and the emergence of a network of former Wilson associates in the Washington area occurred around 1978, at about the time Mr. Wilson was shifting his operations overseas, according to Wilson associates. The people in this network, clustered in the same Virginia office buildings, employing the same lawyers and engaging in some of the same business activities that Mr. Wilson did, also have in common longstanding friendships with Mr. Wilson.

Despite the numerous links to Mr. Wilson, the men and companies discussed here have not been systematically scrutinized by Federal authorities, Government officials said. The main reason, they said, is that the Justice Department investigation and prosecution of Mr. Wilson have concentrated on activities that occurred between 1976 and 1978.

In 1976, according to Justice Department officials, Mr. Wilson, a former contract employee of the C.I.A. who was involved in the Bay of Pigs invasion and other covert operations, closed a deal with the leader of Libya, Col. Muammar el-Qaddafi. The deal called for Mr. Wilson to sell his expertise in intelligence, arms and explosives to the militant Arab nation in North Africa to train terrorists, the officials said.

Last year, Mr. Wilson and another former C.I.A. agent, Frank E. Terpil, were indicted by a Federal grand jury here on charges of illegally shipping explosives to Libya and conspiring to murder Umar Abdullah Muhayshi, a former member of the Libyan Revolutionary Council who had defected to neighboring Egypt, a country hostile to Libya.

Both Mr. Wilson and Mr. Terpil are fugitives. Mr. Terpil is believed to be living in Beirut, and Mr. Wilson currently lives in Tripoli, the Libyan capital, Federal investigators said.

According to a survey of corporate records in the United States and overseas, as well as interviews with more than 50 businessmen, lawyers and government officials, the central figure in the network of individuals and companies is Mr. Clines, who worked at the C.I.A. for 30 years. The companies are involved in Saudi Arabia, Latin America and the Far East as well as Libya, Egypt and Mexico.

Clines's Friendship With Wilson

Before Mr. Clines retired from the agency in October 1978, he served as director of training in the directorate of operations, also known as the clandestine services, according to intelligence officials. Before supervising the training of covert agents and other intelligence operatives, Mr. Clines served under cover himself as an agent in Southeast Asia and played a role in the Bay of Pigs invasion, intelligence officials said.

Mr. Clines met Mr. Wilson at the C.I.A., and the two men became close friends, according to former associates. In 1976, when Mr. Wilson, no longer working for the C.I.A., was arranging for the manufacture of explosive timing devices to sell to Libya, Mr. Clines said he was sitting with Mr. Wilson in a Virginia bar as production plans for the timers were worked out with representatives of Scientific Communications Inc. of Dallas, a longtime supplier to the C.I.A. Mr. Clines later said he was there inadvertently, as a social friend of Mr. Wilson, and that he felt he was "used" by Mr. Wilson.

In an interview last month, Mr. Clines said Mr. Wilson played no role in A.P.I. Distributors. In another interview yesterday, Mr. Clines said that in June 1978, five months before his departure from the C.I.A., he asked Mr. Wilson to help establish the private corporation so he could go into business on his retirement from the agency.

According to incorporation records in Texas, the paperwork to create A.P.I. Distributors was handled for Mr. Clines by the Washington law firm of Dickstein, Shapiro & Morin, which represented Mr. Wilson at the time.

Mr. Clines also said yesterday that in an effort to remove any Wilson connection from A.P.I., he moved quickly after he retired from the C.I.A. in October 1978 to change the company's attorneys, who held the corporation's records. However, records of the CT Corporation System, which assisted in the registration of A.P.I., show that attorneys were not switched until April 29, 1980, a few days after the indictment of Mr. Wilson, according to a CT official.

Incorporation papers list Mr. Clines as president, Mr. Quintero as secretary and director and Ricardo A. Chavez as treasurer and director. According to senior intelligence officials, Mr. Chavez also worked for the C.I.A. and, like Mr. Quintero, reported directly to Mr. Clines, who was both men's "control officer."

Federal investigators said that in 1976, when Mr. Wilson, financed by Libya, was looking for someone to assassinate Mr. Muhayshi, the Libyan defector living in Egypt, he hired Mr. Quintero, who the investigators say is the unnamed assassin described in the Wilson indictment.

The investigators said Mr. Wilson offered Mr. Quintero and two other Cubans \$1 million for the assignment and gave Mr. Quintero a check for \$30,000 to cover preparation expenses.

Mr. Clines said Mr. Quintero questioned whether the C.I.A. was involved and reported the assignment to him. Mr. Clines in turn told two senior officials at the agency, he said. They sent word back that the planned murder was not sanctioned by the agency, Mr. Clines said, and Mr. Quintero and the two Cubans never attempted to execute a contract.

Shortly after the founding of A.P.I. Distributors, which sells oil-drilling equipment and explores for oil, primarily in Mexico, it opened offices in Houston, sharing quarters with a freight-forwarding company that Mr. Wilson helped to establish several years earlier, according to corporate records and former business associates of Mr. Wilson.

Justice Department officials said that former employees of the company, Aroundworld Shipping and Chartering Inc., are currently under investigation and may be indicted for a role in the shipment of 20 tons of plastic explosives to Libya in 1977.

After his retirement from the C.I.A., Mr. Clines said, he also founded two other companies, Systems Services International Inc., also called S.S.I., and International Research and Trade Ltd., known by the initials I.R.T.

S.S.I., incorporated in Delaware in September 1978, was founded to sell to security systems and to handle the procurement and sale of military hardware, according to a company official. I.R.T., according to an executive, was involved with "logistics systems" and "storage."

Actually, according to incorporation records, there are two I.R.T. companies. One was incorporated in Bermuda in April 1979 and registered there with the Registrar of Companies. The other, International Research and Trade (U.S.) Ltd., was incorporated in Delaware in December 1980. Mr. Clines said that earlier this year he paid back the Swiss loan that involved Mr. Wilson's attorney when he set up I.R.T. Bermuda.

In August 1979, Mr. Clines established the Egyptian American Transport and Services Corporation with a former official in the Egyptian Government, Hussein K. Salem. The company, which was incorporated in Delaware but has its headquarters in Falls Church, Va., was founded at the time the United States reduced restrictions on the sale of military equipment to Egypt, when sales of such equipment were starting to grow rapidly.

Shortly after the formation of Eatsco, the Egyptian Government awarded it an exclusive contract to handle the shipment of all military equipment purchased in the United States, with the exception of aircraft flown to Egypt by the United States Air Force and other sensitive equipment, which is handled by the American Government. Last year, according to Defense Department records, Egypt ordered \$2.5 billion worth of military equipment from the United States.

In an interview, Mr. Salem said he owned 51 percent of Eatsco through another corporation, called Tersam U.S.A. Inc. He said Mr. Clines, through S.S.I., owned 49 percent.

The two men said they met 15 years ago in the Far East. Both said Mr. Wilson had no interest and had played no role in Eatsco. Mr. Salem said he had never met Mr. Wilson and had never heard his name before it was raised in the interview.

Material found in a court-ordered search of the home of Mr. Tafoya, the man charged with the attempted assassination in Colorado, included notes in Mr. Tafoya's handwriting. Among them appeared the following, according to Federal investigators: "Salam Hussian (former Egyptian intell) ... EATS EGYPTIAN American Transport Svc Co - 7777"

Leesburg Pike, Suite 307 Falls Church, VA."

Investigators said Mr. Tafoya apparently meant Mr. Salem but partly misspelled the name. Mr. Salem denied that he was ever associated with Egyptian intelligence.

F.B.I. officials said they were looking for explanations of these and other notations made by Mr. Tafoya on the same piece of paper, including the names, slightly misspelled, of Egypt's current Foreign Minister, Kamal Hassan Ali, and Defense Minister, Mohammad Abu Ghazala. Federal investigators said they believed that Mr. Tafoya had made the notes either during or after a conversation with Mr. Wilson.

Evidence of Meeting Cited

The investigators say they have evidence to substantiate that such a meeting took place, including passport entries showing that Mr. Tafoya and Mr. Wilson were in Malta and Libya at the same time. Telephone records obtained by the investigators include numerous calls from Mr. Tafoya's residence to Mr. Wilson in Libya.

The notes, in Mr. Tafoya's handwriting, include:

"Defense Minister [underlined] often finishes up his official business in a few days, and then takes time to clean up personal business at EATS." In the notes, Mr. Tafoya identified Mr. Ali as Defense Minister. Mr. Ali held that job until June, when he became Foreign Minister. He identified Mr. Ghazala as the military attaché at the Egyptian Embassy in Washington, a post he held several years ago.

Former associates of Mr. Wilson said that despite his close ties with Libya, a nation viewed with extreme hostility by Egypt, he also had longstanding ties with Egypt. They said that in the mid 1970's, for example, after he had left the C.I.A., Mr. Wilson played a central role in trying to sell electronic equipment to Egypt on behalf of a California manufacturer. In that period, these former associates said, Mr. Wilson dealt frequently with senior officials in the Egyptian intelligence service.

Help for Other Wilson Friends

As Mr. Clines has expanded his activities in private business, he has helped other friends of Mr. Wilson from inside and outside the C.I.A. to get started or established in business.

The most prominent is Theodore G. Shackley, former deputy to the director of operations at the agency, one of the C.I.A.'s most powerful and sensitive positions. As with Mr. Clines, Mr. Shackley met Mr. Wilson at the agency and the two men became friends.

According to senior intelligence officials, Mr. Shackley indirectly came to Mr. Wilson's defense when Mr. Wilson was under attack or investigation. In 1977, when charges of misconduct on the part of Mr. Wilson and other intelligence operatives were first brought to the attention of the C.I.A., Mr. Shackley wrote a memo to Stansfield Turner, then Director of Central Intelligence, questioning the credibility of Kevin P. Mulcahy, a former agency employee and Wilson business associate who was making the charges.

Intelligence officials also said that Mr. Shackley played a role in 1977 in discouraging the Senate Intelligence Committee from opening an investigation into Mr. Wilson's conduct and his relationship to the C.I.A. In an interview last month, Mr. Shackley declined to discuss his activities while at the C.I.A.

In May 1976, at the time Mr. Wilson was becoming heavily involved in Libya, he arranged a meeting with Mr. Shackley at Mr. Shackley's home in Bethesda to discuss, among other things, his hopes of selling electronic military equipment to Egypt on behalf of the California manufacturer, according to Mr. Mulcahy, who attended the meeting.

Military Hardware Discussed

Mr. Mulcahy, who was working for Mr. Wilson at the time, said he and Mr. Wilson were joined by Harry Rastatter, a business associate of Mr. Terpil who had recently returned from a trip to Egypt, Turkey and Iran. "We talked about Turkish, Iranian and Egyptian interests in acquiring sophisticated military and intelligence hardware," Mr. Mulcahy recalled in an interview.

Mr. Mulcahy said Mr. Wilson had told him that the meeting was designed to solicit Mr. Shackley's aid and the aid of the C.I.A. to persuade the State Department to issue export licenses for sale of advanced electronic equipment to Egypt, Iran and Turkey, some of which was barred from export at the time.

"At the end of the meeting," Mr. Mulcahy said, "Shackley told us he wanted some of this to come in the front door of the agency. He said to pass through all the Egyptian stuff in writing through the agency's contacts office." That office, in downtown Washington, is where outsiders can make contact with the C.I.A.

Several days later, according to Mr. Mulcahy, he and Mr. Rastatter went to the office for an appointment with Col. Jack Weyand. Later, on June 1, 1976, Mr. Mulcahy wrote a memo to Colonel Weyand outlining the "wish list" of products Mr. Wilson hoped to sell to Egypt.

Mr. Mulcahy gave a copy of the memo to The New York Times. It lists a number of highly advanced electronic devices used for the interception of communications that were banned from sale to Egypt at the time, according to State Department officials. These officials, in the Office of Munitions Control, said they could find no evidence that the items proposed for sale were approved at the time.

Mr. Shackley has acknowledged that he attended the May meeting at his house, but said his purpose in talking to Mr. Wilson was to collect information from non-C.I.A. sources. He said he was unaware at the time of Mr. Wilson's activities in Libya.

When Shackley left the C.I.A. in September 1979, he went to work for Mr. Clines at A.P.I. Distributors, S.S.I., and I.R.T. Ltd. Friends of Mr. Shackley familiar with his business activities said he viewed the association with Mr. Clines as a way of getting established in private business. They said that after Mr. Wilson was indicted, Mr. Shackley decided to reduce his association with Mr. Clines and his ventures.

Last September, Mr. Shackley founded Research Associates International, a consulting company. Research Associates currently shares office space in Rosslyn, Va., with S.S.I. and I.R.T. Ltd., and the incorporation paperwork for Mr. Shackley's company was handled by the Washington law firm of Shaw, Pittman, Potts & Trowbridge, which represents A.P.I., I.R.T., S.S.I. and Eatsco, according to company officials.

Friends of Mr. Shackley said he was looking for separate office space for Research Associates.

Lowers Has Offices in Building

Another former associate of Mr. Wilson, Donald Lowers, who managed Mr. Wilson's farm in Virginia and later handled administrative duties for Mr. Wilson, recently moved into the same Falls Church building that houses Eatsco.

Mr. Lowers's employer, the Systems Engineering International Corporation, known as Seico, was founded in June in Delaware. Incorporation paperwork was handled by Shaw, Pittman Potts & Trowbridge, according to incorporation documents.

Mr. Lowers, who declined to be interviewed further unless his name was withheld from publication, described himself as marketing director of the company. He refused to identify its owners or directors.

Others familiar with the company said one its top executives is a former C.I.A. official. Sources familiar with Seico said that the company, which has sold security systems to the United States and foreign governments, was set up to replace another security-systems company that was started in part with funding from Mr. Wilson.

A business associate of Mr. Clines said that Mr. Clines was thinking of buying Seico, which has sold security equipment to Eatsco.

The investigation of Mr. Wilson, triggered five years ago by Mr. Mulcahy, is far from complete. Investigators expect new indictments shortly involving the 1977 sale of explosives to Libya. And some senators have privately expressed an interest in exploring Mr. Wilson's activities as well as the Government's handling of the case.

Ex-C.I.A. Agents and International Firms



EDWIN P. WILSON

Former agent for the Central Intelligence Agency who has been charged with illegally shipping explosives to Libya as part of an operation to train terrorists there. Federal investigators say they have evidence that he commercially exploited his intelligence connections while employed by the U.S. government.

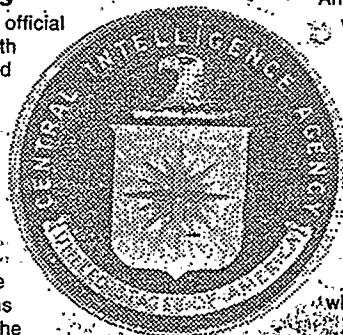
Mr. Wilson's Former Associates

THOMAS G. CLINES

Former senior C.I.A. official who is connected with several Wilson-linked companies, joining one of them while he was still with the intelligence agency.

THEODORE G. SHACKLEY

Former deputy to the director of operations at the C.I.A., one of the agency's most powerful and sensitive jobs. He held a meeting at his home in 1976 with Mr. Wilson and others at which the sale of electronic military equipment to Egypt was discussed.



RAFAEL QUINTERO

An ex-C.I.A. contract employee whose "contact officer" in the intelligence agency was Mr. Clines. According to Federal investigators, Mr. Quintero was hired by Mr. Wilson in 1976 to assassinate a Libyan dissident living in exile in Egypt.

RICARDO A. CHAVEZ

Ex-C.I.A. contract employee whose "contact officer" in the intelligence agency was Mr. Clines.

DONALD LOWERS

Managed Mr. Wilson's farm in Virginia, and later handled administrative and financial duties for several of Mr. Wilson's corporations.

The Corporate Connection

Egyptian American Transport and Services Corporation (Eatsco)

Handles the shipment to Egypt of billions of dollars in military equipment purchased in the United States.

Principal shareholder with 51%: Hussein K. Salem

Owner with 49% share: Thomas G. Clines

A.P.I. Distributors Inc.

Supplies oil drilling equipment and explores for oil, primarily in Mexico. The company was set up for Mr. Clines by Mr. Wilson while Mr. Clines was a C.I.A. employee. A.P.I. shared quarters in Houston with a freight-forwarding company, Aroundworld Shipping and Chartering Inc., that Mr. Wilson helped establish earlier, according to corporate records and associates' statements. U.S. officials say Aroundworld employees may have handled the shipping of 20 tons of plastic explosives to Libya in 1977 for Mr. Wilson.

President: Thomas G. Clines

Secretary and Director: Rafael Quintero

Treasurer and Director: Ricardo A. Chavez

Consultant: Theodore G. Shackley

Systems Services International Inc. (S.S.I.)

Founded to sell security systems and handle the procurement and sale of military hardware.

President: Thomas G. Clines

Consultant: Theodore G. Shackley

International Research and Trade (Bermuda) Ltd. (I.R.T.)

Involved with logistics systems and storage. The corporation was founded originally in Bermuda with financing from unknown Swiss sources.

President: Thomas G. Clines

Consultant: Theodore G. Shackley

Research Associates International

A consulting company that shares office space with S.S.I. and I.R.T., two companies founded by Mr. Clines.

President: Theodore G. Shackley

Systems Engineering International Corporation (Seico)

Sells security systems here and abroad. Incorporation paperwork handled by law firm that represents I.R.T., S.S.I., Eatsco and Research Associates. The company has supplied equipment to Eatsco, and has its offices one floor above that corporation.

Marketing Director: Donald Lowers

Oct. 15

The Washington Post

E23

JACK ANDERSON

Palestinian Holds Contract For U.S. Arms

The exclusive contract for shipping U.S. arms to Egypt is held by a company that was founded by a Palestinian and may still be controlled by him.

Egyptian sources say they are "100 percent certain" that some of the U.S. munitions were diverted to Palestinian groups and other elements opposed to assassinated Egyptian President Anwar Sadat.

What makes the situation all the more startling is the involvement of cabinet ministers and other high Egyptian officials in the secret contract manipulations. Amazingly, the arms shipment contract wound up with the Palestinian, an itinerant merchant named Ali el Shorafa.

My associates Dale Van Atta and Indy Badhwar have identified several Egyptian big shots who have been actively associated with the back-room deal. These include Brig. Gen. Mounir Sabet, chief of military procurement for Egypt and brother-in-law of Vice President Hosni Mubarak; Kamal Hassan Ali, deputy premier and foreign minister, and Defense Minister Abu Ghazala.

The American connection was Thomas Clines, a former deputy

chief of covert operations in the CIA. He is also a close friend of Edwin Wilson, the renegade ex-CIA agent who jumped bail after indictment for smuggling munitions to Libyan dictator Muammar Qaddafi. Wilson has been identified as one of those working behind the scenes to get the arms-shipping contract for the Palestinian firm.

Pentagon, CIA and industry sources describe the Egyptian arms deal as one of the most suspicious they've ever seen. Here's why:

Part of the Camp David peace accords signed in March, 1979, provided for billions of dollars in American arms shipments to Egypt. Legitimate American and Egyptian businessmen eagerly went after the lucrative shipping contract.

In April, 1979, these businessmen suspected that an exclusive contract had already been awarded to a little-known company called Tersam. Two secret letters I've obtained show that they were correct.

At the time, Tersam was little more than offices in Geneva and Washington. It had no experience in shipping. The front man in Egypt was an Egyptian intelligence officer named Hussan Salem; ex-CIA official Clines was the man in Washington. But the silent partner and financial backer was Ali Shorafa.

It wasn't till Shorafa hooked up with Salem that his fortunes dramatically improved. Salem brought in the high officials of the Sadat re-

gime, and Shorafa's dark-horse company won the race for the arms shipment contract.

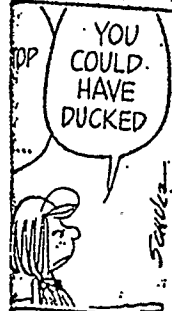
One thing is clear: the Pentagon didn't know Tersam's background, didn't trust the company and refused to let it ship anything for eight months.

The matter came to a head when then-president Carter and Sadat agreed that some early, visible military support from the United States was essential. They settled on some hardware that would be part of the annual Oct. 6 military parade, the same event that was chosen by Sadat's assassins two years later.

"There's no way we were going to jeopardize the Oct. 6 parade shipments by passing them to that company," said a Pentagon official. So the Defense Department handled the first eight months of arms shipments itself.

Meanwhile, the Defense Intelligence Agency and some honest Egyptian officials were checking into Tersam's credentials. It was soon clear that the company was not qualified to handle the arms shipments.

Tersam solved this problem by subcontracting with legitimate shippers and changing its name to Egyptian American Transport and Services Corp. Clines became 49 percent owner of Tersam's new incarnation. But the predecessor company owns the other 51 percent and sources believe Shorafa, the Palestinian exile, still owns most of that.



DIG GEORGE VIRGIL PARTCH

DENNIS THE MENACE HANK KETCHAM

Ketcham
10-15

Oct. 16

The Washington Post

Feature Syndicate, Inc.



I'M TOO FULL TO RUN



WIRVELL

I AM A
NATIVE,
DO!
HECK,
WHY THEY
YOU SEEN
EABIE
OFFMAN!



JACK ANDERSON

Arms-Contract Scandal Grips Egyptian Chiefs

A scandal of extraordinary proportions involves Egypt's highest leaders and a group of former CIA and Pentagon officials in a back-room deal that gave a company with Palestinian connections the exclusive, multimillion-dollar contract to ship U.S. arms to Egypt.

As I reported in a previous column, there is strong reason to suspect that corrupt Egyptian officials profited personally from the scheme, and that some of the arms shipments were diverted to Palestinian forces and other groups opposed to the late President Anwar Sadat.

My associates Dale Van Atta and Indy Badhwar have conducted a major investigation into the affair. They interviewed knowledgeable Egyptian officials, military and intelligence sources and businessmen who were involved. They obtained dozens of secret cables and letters that confirm essential parts of the story.

Bakshesh and nepotism are nothing new in the Middle East, but it is rare indeed when corruption can be traced to the very highest levels of government. Yet the trail of evidence in the Egyptian arms deal

points to the two most powerful men in Egypt today—the men who stood at either side of Sadat when he was assassinated, and who now effectively control the country.

The two are Sadat's successor, Hosni Mubarak, and Defense Minister Abu Ghazala.

On June 25, 1979, a few months after the secret arms shipping deal was cut, Mubarak was given a detailed report on the affair. The report included information that the shipping firm, Tersam, was not qualified and was secretly controlled by a Palestinian businessman named Ali Shorafa, operating out of the United Arab Emirates, a hotbed of anti-Sadat Palestinian supporters.

A coded cable from Cairo on July 2, 1979, stated that "vice president in person is following this case closely." But a return cable the next day suggested it was unlikely Mubarak would pursue the scandal diligently, because "the vice president's brother-in-law is involved."

A week later, another cable from Cairo gave assurance: "V.P. taking matters very seriously. Brother-in-law (flown to) Cairo." In the end, however, Mubarak did nothing to rescind the contract or hinder its execution. It is not clear whether the vice president ever told the incorruptible Sadat about the affair.

The brother-in-law is Gen. Mounir Sabet, now stationed in Washington as chief of military procurement. Two years ago, he was an

assistant military attache here, and was involved in the Tersam deal up to his ears. At a Washington meeting on June 14, 1979, for example, Sabet confirmed that Tersam had been awarded the shipping contract in secret, and offered one of the firm's competitors half the profits if he'd keep his mouth shut.

Sabet's boss in Washington that year was the military attache, Gen. Abu Ghazala. He too was deeply involved in the Tersam deal. I have a confidential letter signed by Ghazala and addressed to the Pentagon, dated April 2, 1979. It informed appropriate officials "that the Egyptian Ministry of Defense has appointed Tersam Co. as its exclusive agent... for all its military imports from the United States of America."

For months thereafter, however, Ghazala repeatedly denied that Tersam had been given the contract. Far from being reprimanded for his part in the undercover deal, Ghazala was given an extension of his American tour of duty and a new home. He is now defense minister.

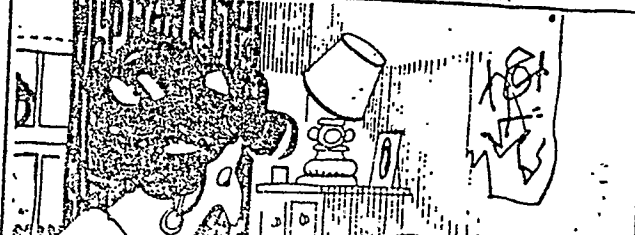
On June 14, 1979, at the Army-Navy Country Club near Washington, Ghazala and Sabet led still another Tersam competitor to believe that his firm would get the lucrative shipping contract. Later that evening, an American associate of the two Egyptian military men offered the competitor a subcontract if he would make no fuss about the Tersam deal.

B17

BIG GEORGE VIRGIL PARTCH



DENNIS THE MENACE HANK KETCHAM



How Palestinians tapped U.S. arms

By JACK ANDERSON

Coded cables tell tale of Cairo-D.C. intrigue

A FLURRY of coded messages between Egyptian and American businessmen reveals the backroom manipulation by high Egyptian officials that gave a small company with Palestinian connections exclusive control of billions of dollars' worth of U.S. arms shipments to Egypt.

The cables between Cairo and Washington from May to December 1979 trace the progress of the businessmen's state of mind from suspicion through alarm to final confirmation that they had been royally lied to by the men who now run Egypt. Copies of the cables were obtained by my associates Indy Badhwar and Dale Van Atta.

The messages used code words, including: "Fathers" for the U.S. Congress; "Plasma" for the U.S. aid program; "Wedding" for the arms shipping contract; "Cage" for the Pentagon; "Umpire" for Kamal Has-

san Ali, now Egyptian deputy prime minister, and "Shortstop" for Abu Ghazala, now the defense minister.

In addition, there were uncoded references to Hosni Mubarak, the new president of Egypt, and his brother-in-law, Mounir Sabet, now chief of military procurement. There was no suspicion that Mubarak was actively involved in the secret deal.

The background of the scandal starts with the Camp David accords, signed in March 1979. To sweeten the pot for Egypt, President Carter promised billions of dollars in U.S. military aid. Several prominent U.S. and Egyptian firms submitted bids for the lucrative arms contract, and were assured that they were being given consideration.

Actually, an exclusive contract was secretly

awarded to a Geneva-based company named Tersam in April 1979. Yet the Egyptian officials continued to pretend that the bidding was still open.

In early May, a cable from one East Coast businessman to a Cairo associate gave no hint that anything was wrong. "Contacted key Fathers (Congressmen) and basically a blank check for both countries to draw upon. 2 billion to Egypt next two years. Umpire (Ali) must have strong Washington support to fight for Egypt's fair share (of arms contracts). Fathers and Cage (Pentagon) agree central procurement will save millions and assure quality control."

The first note of alarm came in a cable from Washington to Cairo on May 15: "Our people say Salem (Hassan Salem,

Tersam's Egyptian front man) has exclusive contract with Umpire's signature on it. Is this true?" This, of course, was all too true.

But the response from Cairo was reassuring: "Position still strong as secured. [by] Umpire Saturday. Umpire insists on fact that no wedding [shipping contract] without our prior knowledge." This assurance from Ali, who was then defense minister, was given a month after the secret deal was made with Tersam.

Next, from D.C.: "We have found out from Army Security Assistance Center that a company headed by Hassan Salem of Alexandria, Va., has been given the authority by the Egyptian government to do all freight forwarding. We have all been made out to be fools."

From Cairo: "Detailed report was delivered to the Vice President [Mubarak] by hand. Mentioned all high standing persons by name as presented from Cage [Pentagon] and Fathers [Congress]. Umpire recognized and promised to change all matters."

From New York: "This project involves the national security of Home Base. [Egypt] and Umpire has placed it in the hands of your declared enemy [Palestinians]. If this vital disclosure does not get an instantaneous reaction, all is for nothing."

From Cairo: "Authorities insisting that report to Vice President is not true and that there is no exclusive contract signed with Tersam."

But the cat was out of the bag. Letters from Ghazala and from Ali's office acknowledged that the Tersam deal had been cut months before. Both these letters are in my possession.

x Airtel

8/9/82

TO: SAC, KANSAS CITY
FROM: *JW* SAC, ALEXANDRIA (206A-182) (SQ 4) (P)

THOMAS GREGORY CLINES;

[REDACTED]
EGYPTIAN AMERICAN TRANSPORT AND SERVICES
CORPORATION (EATSCO)
FAG - DOD
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

b6
b7C

Enclosed for Kansas City are the following; the
original and one copy of a Federal Grand Jury subpoena; and

[REDACTED]
[REDACTED]

b3
b6
b7C

For Kansas City's information, EATSCO is an entity
located at 7777 Leesburg Pike, Falls Church, Virginia.
EATSCO obtained an exclusive contract with the government
of Egypt to manage the shipping of military equipment
purchased by Egypt with a \$1.5 billion United States Foreign
Military Sales Loan. Subjects Clines and [REDACTED] formed EATSCO
and have been its owners through most of its operations.
Clines is a retired Central Intelligence Agency (CIA) official
and [REDACTED] is [REDACTED], who resides at [REDACTED].
[REDACTED] Fraud allegations have been made against EATSCO.

b6
b7C

2-Kansas City (Enc. 3)
③-Alexandria
(2-206A-182)
(1-66-384 Sub C)

MJA:srt

(5)

206A-182-40
SEARCHED INDEXED
SERIALIZED FILED

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C110ms

AX 206A-182

LEADS:

KANSAS CITY

AT [REDACTED]

Serve the enclosed subpoena [REDACTED]
[REDACTED]

b3
b6
b7C

FEDERAL BUREAU OF INVESTIGATION

7/12/82

Date of transcription

On [redacted], a subpoena to testify before the grand jury, issued in United States District Court for the Eastern District of Virginia, was served to [redacted]

Subpoena directed [redacted]

b3
b6
b7C

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C1/oms

Investigation on 7/9/82 at [redacted] File # NY 206A-121
by SA [redacted] /dsm Date dictated 7/12/82

b3
b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/12/82

1
[redacted] a subpoena to testify before the grand jury, issued in United States District Court for the Eastern District of Virginia, was served [redacted]

b3
b6
b7CSubpoena directed [redacted]
[redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5Cil Dms

Investigation on 7/9/82 at [redacted]

by SA [redacted] /dsm

Date dictated

NY 206A-121
SEARCHED INDEXED
SERIALIZED FILED
7/12/82 AUG 9 1982
FBI - ALEXANDRIA
[redacted] agency [redacted]
[redacted]

b3
b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ XX AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date AUG 06 1982

TO: SAC, ALEXANDRIA (206A-182) (P)

FROM: ADIC, NEW YORK (206A-121) (RUC)

SUBJECT: THOMAS GREGORY CLINES; [REDACTED]
 EGYPTIAN AMERICAN TRANSPORT AND SERVICES
 CORPORATION
 (EATSCO);
 FAG-DOD; FCPA
 (00: AX)

[REDACTED]
 THOMAS GREGORY CLINES;
 BRIBERY; CONFLICT OF INTEREST; FCPA;
 (00: AX)
 (AX 58-222)

ReAxtel to NY, dated 7/19/82.

Enclosed for Alexandria are the original and two
 copies of FD-302 of interview with [REDACTED], Agents inter-
 view notes and NY Times newspaper article concerning captioned
 matter, [REDACTED]

As there is no outstanding investigation, NY Division
 will RUC.

(2) Alexandria (Encls. 3)
 (1-58-222)
 1-New York

JJP:jlc
 (4)

1515
 7-83
 ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,391
 DATE 7/5/88 BY SP5C10MS

206A-182-42
 SEARCHED INDEXED
 SERIALIZED FILED

AUG 9 1982

Approved: LFL/gpd

Transmitted _____

(Number)


(Time)

Per _____

b6
b7Cb6
b7Cb6
b7C

ISIS
for
8/82

206A - 182 - 43

D. <i>pl</i> 1574 4ED	
AUG 9 1982 <i>g</i>	
	<i>ma</i>
	<i>pl</i>

b6
b7C

GRAND JURY NO. [redacted]
JOHN DOE NO. [redacted]

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

b3
b6
b7C

to

[redacted]

You are hereby commanded to appear in the United States District Court for the Eastern
District of Virginia at [redacted] in the city of
Alexandria [redacted] to
testify before the Grand Jury and bring with you¹

b3

See attached.

This subpoena is issued on application of the United States.

[redacted]
Assistant United States Attorney
701 Prince Street
Alexandria, Virginia 22314
[redacted]

W. FARLEY POWERS, JR.

b3
b6
b7C

Date [redacted] [redacted]

By Maria Hewitt
Deputy Clerk

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at [redacted] on
and on [redacted]
within named [redacted]
by delivering a copy to [redacted] and tendering to [redacted] the fee for one day's attendance and the mileage
allowed by law.

b3
b6
b7C

Date [redacted], 19 [redacted].

By

SA [redacted]
[redacted]

b3
b6
b7C

Service Fees
Travel \$
Services \$
Total \$

¹Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof, 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs. Rule 17(b) Federal Rules of Criminal Procedure.

ISIS
du
8/82

206A-182-44

af
AUG 9 1982

omg
me

b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date AUG 08 1982

TO: SAC, ALEXANDRIA (206A-182) (P)

FROM: ADIC, NEW YORK (206A-121) (P)

SUBJECT: THOMAS GREGORY CLINES;

[REDACTED]
 EGYPTIAN AMERICAN TRANSPORT
 AND SERVICES CORPORATION (EATSCO)
 FAG-DOD;
 FOREIGN CORRUPT PRACTICES ACT
 (OO: AX)

ReAxairtel to Houston, dated 6/24/82.

Enclosed for Alexandria is the original and a copy
 of two (2) 302s on service of two subpoenas sent with above
 referenced airtel, and one copy of each subpoena.

~~Since there are no outstanding warrants for the arrest of~~
~~CLINES, the Bureau is not recommending that a warrant be issued for his arrest.~~
~~NY 100-111111-111111~~

1515
 per 7-83
 ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/5/88 BY SP5C10MS

2-Alexandria (Encls. 6)
 2-New York

JJP:amt
 (5)

Approved: [Signature]Transmitted _____
(Number)

(Time)

206A-182-45

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 9 1982	
FBI - ALEXANDRIA	

[Signature]

b6
 b7C

b6
 b7C

AIRTEL

AUG 0 5 1982

TO: SAC, ALEXANDRIA (206A-182) (P)

FROM: ADIC, NEW YORK (206A-121) (P)

SUBJECT: THOMAS GREGORY CLINES;
[REDACTED]
EGYPTIAN AMERICAN TRANSPORT
AND SERVICES CORPORATION (EATSCO)
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO: AX)

b6
b7C

ReAxairtel to Houston, dated 6/24/82.

Enclosed for Alexandria is the original and a copy of two (2) 302s on service of two subpoenas sent with above referenced airtel, and one copy of each subpoena.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/3/88 BY SP5C10ms

2-Alexandria (Encls. 6)
2-New York

JJP:amt
(5)

5

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 9 1982	
FBI - ALEXANDRIA	

GRAND JURY NO. [redacted]
JOHN DOE NO. [redacted]

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

b3
b6
b7C

to

[redacted]

You are hereby commanded to appear in the United States District Court for the Eastern
District of Virginia at [redacted] in the city of
Alexandria on the [redacted] to
testify before the Grand Jury and bring with you¹

b3

See attached.

This subpoena is issued on application of the United States.

[redacted]
Assistant United States Attorney
701 Prince Street
Alexandria, Virginia 22314
[redacted]

W. FARLEY POWERS, JR.

b3
b6
b7C
Clerk.

Date [redacted] [redacted]

By

Maria Hewitt

Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at [redacted] on [redacted]
and on [redacted] at [redacted] I served it on the
within named [redacted]
by delivering a copy to [redacted] and tendering² to [redacted] the fee for one day's attendance and the mileage
allowed by law.

b3
b6
b7C

Date [redacted] 19 [redacted]

By

SA [redacted]
[redacted]

Service Fees

Travel _____ \$

Services _____

Total _____ \$

²Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof, 28 USC 1825, or on behalf of a defendant who is financially unable to pay, such costs (Rule 17(b), Federal Rules Criminal Procedure).

012
FM ALEXANDRIA (58-222) (52-223) (206A-182)

TO DIRECTOR PRIORITY 70% 90

BT

UNCLAS

[REDACTED] ET AL; BRIBERY CONFLICT OF
INTEREST; FOREIGN CORRUPT PRACTICES ACT (FCPA); 00:AX - AX FILE 58-222

[REDACTED] ET AL; BRIBERY; COI; FCPA; 00:AX - AX FILE
58-223; THOMAS GREGORY CLINES; [REDACTED]; EGYPTIAN

b6
b7C

AMERICAN TRANSPORT AND SERVICES CORP (EATSCO); FRAUD AGAINST THE
GOVERNMENT - DOD; FCPA; 00:AX; AX FILE 206-A-182

RE AUGUST 6, 1982, TELECALL FROM ALEXANDRIA SUPERVISOR

[REDACTED] TO BUREAU [REDACTED]

FOR BUREAU'S INFORMATION, ON AUGUST 5, 1982, AT 8:45PM,

[REDACTED] RECEIVED PHONE CALL FROM WASHINGTON POST REPORTER, [REDACTED]

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b7C

[REDACTED] (PH). [REDACTED] TOLD [REDACTED] THAT POST IS PREPARING A

SERIES OF UPCOMING ARTICLES ON CAPTIONED SUBJECTS. [REDACTED]

SPECIFICALLY MENTIONED BRIBERY OF HIGH EGYPTIAN OFFICIALS AND

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283, 591
DATE 5/23/88 BY SP5CII DMS

1515
me 7-83

206A-182-47

SEARCHED <input checked="" type="checkbox"/>	INDEXED <input checked="" type="checkbox"/>
SERIALIZED <input checked="" type="checkbox"/>	FILED <input checked="" type="checkbox"/>
AUG 11 1982	
FBI - ALEXANDRIA	

[REDACTED] me [REDACTED] [REDACTED]

b6
b7C

PAGE TWO AX 58-222 UNCLAS

CAPTIONED SUBJECTS AS TOPIC FOR FORTHCOMING ARTICLES. REPORTER

SEEMED KNOWLEDGABLE ABOUT ASPECTS OF CASE AND ASKED IF [REDACTED]

KNEW A BUREAU AGENT NAMED "FITZGERALD." REPORTER GAVE NO INDICATION

AS TO WHEN ARTICLES WILL APPEAR.

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b7C

[REDACTED]

[REDACTED] AND DECLINED FURTHER COMMENT

STATING ONLY THAT HE IS [REDACTED]

b6
b7C

[REDACTED] PROFESSED NO KNOWLEDGE OF A BUREAU AGENT WITH ABOVE NAME

AND TOLD REPORTER HE WAS NOT INVOLVED IN BRIBERY INVESTIGATION.

[REDACTED] REFERRED REPORTER TO MARAD OFFICIALS FOR FURTHER INFORMATION.

BT

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/5/82

On Monday morning, [redacted]
[redacted] was contacted at a conference room at [redacted]
[redacted], by Assistant U. S.
Attorney [redacted] Alexandria, Virginia, and
Special Agent THOMAS FITZPATRICK of FBI, Alexandria, Virginia.
[redacted] was accompanied by his Attorneys, [redacted] and
[redacted] of Washington, D. C. This contact was
for the purpose of conducting session number two of an inter-
view of [redacted] in connection with [redacted]
[redacted]
and AUSA [redacted] This interview was to be conducted in
[redacted]

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[redacted] was aware of the official identities of the
interviewing officials from prior interview on the evening
of [redacted] at the same location.

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b7C
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[redacted] advised as follows on this occasion:

[redacted]:

[redacted]

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b7C
b7D

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 203,591
DATE 5/16/88 BY SP5CJ/oms

Interviewed on [redacted] at [redacted]

File # AX 58-222
AX 58-223
AX 206A-182

by SA Thomas Fitzpatrick

Date dictated 8/4-5/82

AX 58-222
AX 58-223
AX 206A-182

22.



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[redacted] (Pertinent procedures in the operation of the U.S. System of Justice were explained to [redacted] at this point by AUSA [redacted])

(The interview of [redacted] on this date commenced at about 11:00 AM and ended at about 7:15 PM. Sandwiches and soft drinks were brought in about mid-afternoon at [redacted] request, [redacted])

[redacted] Attorney [redacted] by SA FITZPATRICK [redacted] one sandwich and soft drink each consumed by SA FITZPATRICK and AUSA [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

~~NO FOREIGN DISSEMINATION~~

All paragraphs are unclassified unless specifically indicated to be classified at end of paragraph. Date of transcription 8/4/82

On Sunday evening, [redacted] was contacted at a conference room at [redacted], [redacted], by Assistant U. S. Attorney [redacted] Alexandria, Virginia, and Special Agent THOMAS FITZPATRICK of FBI, Alexandria Virginia [redacted] was accompanied by his Attorneys, [redacted] of Washington, D. C. This interview had been arranged at the request of [redacted] and AUSA [redacted] and was conducted in [redacted], [redacted]

[redacted] was advised at the outset of the official identities of the contacting officials, and that this session would be oriented towards obtaining background information regarding him.

He thereafter provided the following information:

Full Name:
Commonly Used Names:

Nationality:
Citizenship:
Date of Birth:
Place of Birth:

[redacted] Residences:

sh/c88
Classified by SP5C11/ems
Declassify on: OADR 203,591

Father:

DECLASSIFIED BY 5668SLD/b.c.
on 11/28/94
Lit. 87-2415-LF0

Interviewed on [redacted] at [redacted] File # AX 58-222
AX 58-223
AX 206A-182-119
by SA THOMAS FITZPATRICK Date dictated 8/3/82

~~CLASSIFIED AND EXTENDED BY G-3~~

~~REASON FOR EXTENSION: L and FBI, in the absence of the FBI, and is based on your agency;~~

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

~~DATE OF REVIEW FOR DECLASSIFICATION OADR~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE.

~~SECRET~~

~~NO FOREIGN DISSEMINATION~~

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DCU.
matches
w/
AX 206-182-
1A(20)

~~SECRET~~

AX 58-222
AX 58-223
AX 206A-182
15. [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

b6
b7C
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[REDACTED]

[REDACTED]

[REDACTED]

Washington, D.C., Area Hotels:

While in the Washington, D.C., area in the past, he said he has stayed at the Madison Hotel, Stouffer's Hotel, Hyatt Regency Hotel, and possibly the Hilton Hotel, and others.

(It is noted that this interview began at about 6:30 PM and was completed at about 10:30 PM.)

~~SECRET~~

~~NO INFORMATION ON
LEADS~~

~~SECRET~~

~~SECRET~~

~~NO INFORMATION ON
LEADS~~

Same
as

ax
206-182

1A-20

~~SECRET~~

~~SECRET~~

~~NO FOREIGN DISSEMINATION~~

~~SECRET~~

~~SECRET~~

~~NO FOREIGN DISSEMINATION~~

~~SECRET~~

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/24/82

TO: SAC, ALEXANDRIA (206A-182)
 FROM: SAC, NEW ORLEANS (206A-83)(RUC)
 THOMAS GREGORY CLINES:

EGYPTIAN AMERICAN TRANSPORT
 AND SERVICES CORPORATION (EATSCO)
 FAG - DOD;
 FOREIGN CORRUPT PRACTICES ACT
 OO: AX

Re Alexandria airtel to Houston dated 6/24/82, and
 New Orleans airtel to Alexandria dated 7/8/82.

Enclosed for Alexandria is one envelop containing
 documents in response to a Federal Grand Jury Subpoena, which
 was served on

The enclosed documents were furnished to SA JOHN P.
 GILBERT, as authorized by the United
 States Attorney, Alexandria, Virginia.

1515 ke
 7-83
 2-Alexandria (Enc 1)
 1-New Orleans
 JPG/jpg
 (3)

206A-182-51
 SEARCHED INDEXED
 AUG 27 1982
 GRAND JURY MATERIAL - DISSEMINATE ONLY
 PURSUANT TO RULE 6 (e), Fed. R. Crim. P.

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/6/88 BY SP5C/oms

Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

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1513
Kam 9-82

206A-182-52

DATE	10/10/82
TIME	10:00
BY	g g
REMARKS	
SIGNATURE	[Signature]

GRAND JURY NO. [redacted]
JOHN DOE NO. [redacted]

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

b3

[redacted]

to

[redacted]

b3
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b7C

You are hereby commanded to appear in the United States District Court for the Eastern
District of Virginia [redacted] in the city of
Alexandria [redacted] to
testify before the Grand Jury and bring with you¹

see attached.

This subpoena is issued on application of the United States.

[redacted]
Assistant United States Attorney
701 Prince Street
Alexandria, VA 22314

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b6
b7C

W. FARLEY POWERS, JR.

Clerk.

Date [redacted] [redacted]

By Renee H. Buffaloni
Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at [redacted]
and on [redacted] at [redacted] I served it on the
within named [redacted]
by delivering a copy to [redacted] and tendering to [redacted] the fee for one day's attendance and the mileage
allowed by law.

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Date [redacted] [redacted] By [redacted]

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Service Fees
Travel _____ \$
Services _____
Total _____ \$

²Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof. 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs (Rule 17(b), Federal Rules Criminal Procedure).

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/25/82

TO: SAC, ALEXANDRIA (206A-182)

FROM: SAC, KANSAS CITY (206A-87) (SQ. 2) P

THOMAS GREGORY CLINES;

EGYPTIAN-AMERICAN TRANSPORT AND
 SERVICES CORPORATION (EATSCO)
 FAG-DOD
 FOREIGN CORRUPT PRACTICES ACT
 OO AX

b6
b7C

Re Alexandria airtel to Kansas City 8/6/82.

Enclosed for Alexandria are the original and one
 copy of a Federal Grand Jury subpoena with executed return.

For information of Alexandria, copy of subpoena
 was served on
 was also provided with enclosed letter from referenced airtel.

b3

2 Alexandria (Encs. 2)
 2 Kansas City
 RBK:ikc
 (4)

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/6/88 BY SP5C10MS

Approved: _____

Transmitted _____
(Number)

(Time)

Per _____

b6
b7C

X AIRTEL

8/25/82

TO: SAC, ALEXANDRIA (206A-182)

FROM: SAC, KANSAS CITY (206A-87) (SQ. 2) P

THOMAS GREGORY CLINES;
[REDACTED]

EGYPTIAN-AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD
FOREIGN CORRUPT PRACTICES ACT
OO AX

b6
b7C

Re Alexandria airtel to Kansas City 8/6/82.

Enclosed for Alexandria are the original and one
copy of a Federal Grand Jury subpoena with executed return.

For information of Alexandria, copy of subpoena
was served on [REDACTED]
was also provided with enclosed letter from referenced airtel.

b3

② Alexandria (Encs. 2)
2 Kansas City
KBK:ikc
(4)

206A-182-53

g. 8

283,591
7/6/88 SPSC:10ms

✓

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/24/82

[redacted]
[redacted] and advised of the official identity of the interviewing Agent. He was advised that the purpose of the contact was to serve on him, a Federal Grand Jury Subpoena that had been issued by the Eastern District of Virginia. He was provided with a copy of the original subpoena and a sealed envelope from the U.S. Attorney, Alexandria, Virginia.

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[redacted] was advised that any questions concerning this subpoena should be addressed to the Assistant U.S. Attorney whose name appears on the front of the subpoena.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C110MS

206A-183-54

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 1982	
FBI - ALEXANDRIA	

[Signature]

Investigation on 8/19/82 at [redacted] File # SF 206A-135
by SA [redacted] Date dictated 8/19/82

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KAR 9/82

206A-183-54A

SEARCHED	INDEXED
SERIALIZED <i>pe</i>	FILED <i>pe</i>
1 1982	
FBI-ALEXANDRIA	
	<i>ju</i>

GRAND JURY NO. [redacted]
JOHN DOE NO. [redacted]

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

b3

to

[redacted]

b3
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b7C

You are hereby commanded to appear in the United States District Court for the Eastern
District of Virginia [redacted] in the city of
Alexandria on the [redacted] to
testify before the Grand Jury and bring with you¹

see attached.

This subpoena is issued on application of the United States.

[redacted]
Assistant United States Attorney
701 Prince Street
Alexandria, VA 22314

W. FARLEY POWERS, JR.

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b7C

Date [redacted] [redacted]

Clerk.

By Reece M. Duffalon
Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at [redacted] on [redacted]
and on [redacted] at [redacted] I served it on the
within named [redacted]
by delivering a copy to [redacted] and tendering² to [redacted] the fee for one day's attendance and the mileage
allowed by law.

b3
b6
b7C

Date [redacted] [redacted] By [redacted]
Service Fees _____
Travel _____ \$
Services _____
Total _____ \$

²Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof, 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs (Rule 17(b), Federal Rules Criminal Procedure).

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/24/82

TO: SAC, ALEXANDRIA (206A-182) (SQ.4)
 FROM: SAC, SAN FRANCISCO (206A-135) (RUC) (EBMRA)
 SUBJECT: THOMAS GREGORY CLINES;
 [REDACTED]

Egyptian American Transport and
 Services Corporation (EATSCO)
 FAG-DOD Foreign Corrupt Practices Act
 OO: Alexandria

Re AX airtel to KC, dated 8/6/82.

Enclosed for Alexandria is the original of a Federal
 Grand Jury Subpoena served on [REDACTED] and an original
 and one copy of a FD-302 reflecting service of this subpoena.

2-Alexandria (Enc.2)
 1-San Francisco
 JAL/jan
 (3)

1515
 10-7-83

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/6/88 BY SP5C110MS

Approved: _____ Transmitted _____ (Number) _____ (Time) _____ Per _____

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 b7C

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 b7C

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206A-182-58

4H 4H

GRAND JURY NO. [redacted]
JOHN DOE NO. [redacted]

United States District Court
FOR THE

b3

EASTERN DISTRICT OF VIRGINIA - Alexandria

to

[redacted]

b3
b6
b7C

You are hereby commanded to appear in the United States District Court for the Eastern
District of Virginia [redacted] in the city of
Alexandria on the [redacted] to
testify before the Grand Jury and bring with you¹

see attached.

This subpoena is issued on application of the United States.

[redacted]
Assistant United States Attorney
701 Prince Street
Alexandria, VA 22314

W. FARLEY POWERS, JR.

b3
b6
Clerk. b7C

Date [redacted] [redacted]

By Reverie H. Buffalon
Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at [redacted] on [redacted]
and on [redacted] at [redacted] I served it on the
within named [redacted]
by delivering a copy to [redacted] and tendering² to [redacted] the fee for one day's attendance and the mileage
allowed by law.

b3
b6
b7C

Date [redacted] [redacted]

By [redacted]

Service Fees
Travel X \$
Services X
Total X \$

²Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof. 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs (Rule 17(b), Federal Rules Criminal Procedure).

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 9/3/82

Pursuant to Grand Jury subpoena issued
the U. S. District Court for the Eastern District of Virginia,

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6-83 KL

Investigation on 9/2/82 at File # Kansas City 206A-87
Alexandria 206A-182-59

by IN SC - ikc Date dictated 9/2/82

b3
b6
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED ^{203,591}
DATE 7/6/88 BY SP5C110MS FBI/DOJ

KC 206A-87
AX 206A-182

2



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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/3/82

TO: SAC, ALEXANDRIA (206A-182) (SQ. 4)

FROM: SAC, KANSAS CITY (206A-87) (SQ. 2) RUC

THOMAS GREGORY CLINES;
EGYPTIAN AMERICAN TRANSPORT AND SERVICES
CORPORATION (EATSCO)

FAG-DOD

FOREIGN CORRUPT PRACTICES ACT

OO AX

b6
b7C

Re Alexandria airtel to Kansas City dated 8/20/82.

Enclosed for Alexandria are the following:

1. Original and one copy of an executed FGJ subpoena.
2. Original and one copy of an FD-302 reflecting service of subpoena.
3. Subpoenaed documents.

For information of Alexandria, has a current
apprised at some point in the future if subpoenaed records will be used in court proceedings.

b3

2 Alexandria (Encs. 5)

1 Kansas City

KBK:ikc

(3)

1515
7-83 KCL

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/6/88 BY SP5C10MS

Approved: _____ Transmitted _____ (Number) (Time)

b6
b7C

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X AIRTEL

9/3/82

TO: SAC, ALEXANDRIA (206A-182)(SQ. 4)
FROM: SAC, KANSAS CITY (206A-87)(SQ. 2) RUC

THOMAS GREGORY CLINES;
[REDACTED]

EGYPTIAN AMERICAN TRANSPORT AND SERVICES
CORPORATION (EATSCO)
FAG-DOD
FOREIGN CORRUPT PRACTICES ACT
OO AX

b6
b7C

Re Alexandria airtel to Kansas City dated 8/20/82.

Enclosed for Alexandria are the following:

1. Original and one copy of an executed FGJ subpoena.
2. Original and one copy of an FD-302 reflecting service of subpoena.
3. Subpoenaed documents.

For information of Alexandria, [REDACTED] has a current [REDACTED] appraised at some point in the future if subpoenaed records will be used in court proceedings.

b3

2 Alexandria (Encs. 5)
1 Kansas City
KBK:ikc
(3)

206A-182-600
283,591
7/6/88 BY SP5C11 DMS

206A-182-600
9 3
rw/g

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/2/82

[redacted]
[redacted]
appeared at the Alexandria office of the Federal Bureau of Investigation. [redacted] furnished two copies each of the following to Special Agents [redacted]

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b7c

Investigation on 8/6/82 at Alexandria, Virginia File # Alexandria 206A-182by SA [redacted] JHC:trc Date dictated 8/11/82

b6

b7c

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

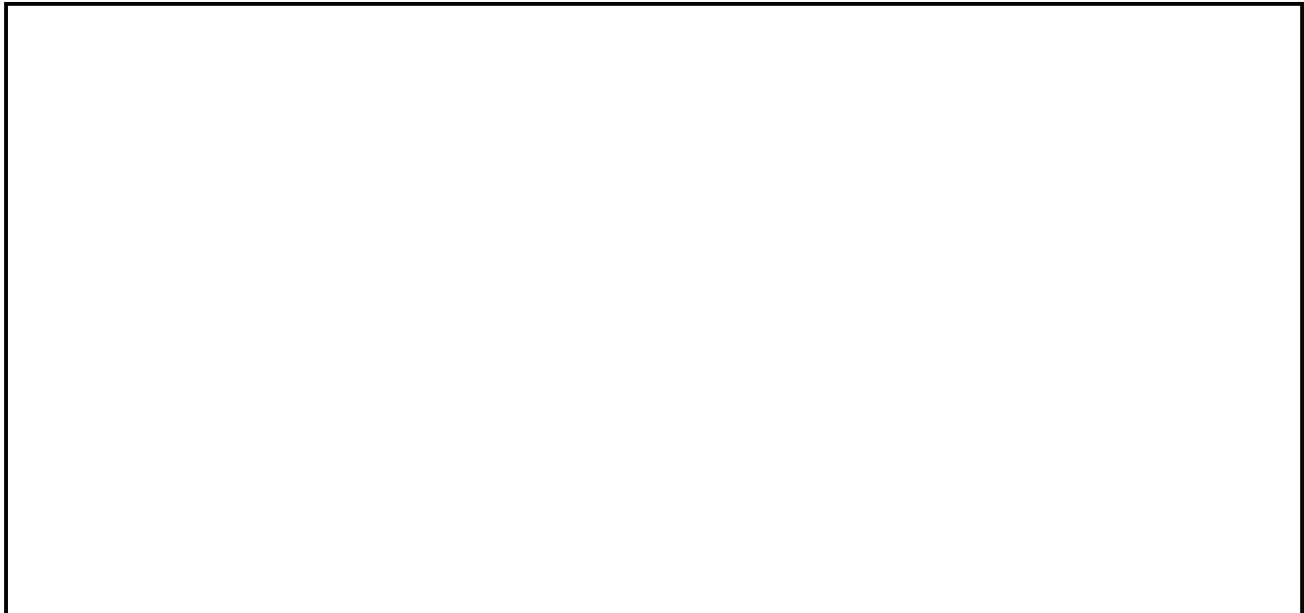
ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 5/16/88 BY SP5c11 DMS

AX 206A-182

2



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b3
b6
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b6
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[redacted] furnished by [redacted] were placed in a
1-A envelope.

BY SA [redacted] TRANSFERRED TO AX206-182-1E (5) ON 7/10/81

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VZ CZ CHQ0074

PP AX

DE HQ #0074 2531051
ZNY CCCCC

P 091801Z SEP 82

FM DIRECTOR FBI

TO LEGAL ATTACHE PANAMA PRIORITY
FBI ALEXANDRIA (206-182) ROUTINE

BT

DECLASSIFIED ON 5/13/88 283,591
BY SP5C11 OMS

~~CONFIDENTIAL~~

THOMAS GREGORY CLINES; [REDACTED]; EGYPTIAN AMERICAN
TRANSPORT AND SERVICES CORPORATION (EATSCO); FAG - DOD; OO: AX.

b6
b7C

RE RECENT TELEPHONE CONVERSATION BETWEEN DEPARTMENT OF
JUSTICE (DOJ), OFFICE OF INTERNATIONAL AFFAIRS AND LEGAL
ATTACHE PANAMA, REGARDING TERSAM OF PANAMA. ~~(S)~~ (U)

FOR INFORMATION, THE FBI, IN CONCERT WITH DOJ TASK FORCE,
IS INVESTIGATING ALLEGATIONS THAT EATSCO FILED FALSE CLAIMS
WITH THE GOVERNMENTS OF EGYPT AND THE UNITED STATES TO
OBTAIN EXCESSIVE MONEYS FROM THE 1979 FOREIGN MILITARY SALES
LOAN AGREEMENT BETWEEN THE UNITED STATES AND EGYPT.

ADD ITIONALLY, [REDACTED]
[REDACTED]

1515
K2 7-83

206A-182 62

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 10 1982	
FBI - ALEXANDRIA	

Fitzpatrick

b6
b7C

PAGE TWO DE HQ 0074 ~~CONFIDENTIAL~~

[REDACTED], ARE UNDER INVESTIGATION FOR [REDACTED]

[REDACTED] IN CONNECTION WITH THE ACTIVITIES OF EATSCO, EDWIN P.

WILSON, AND THOMAS G. CLINES. EATSCO WAS FORMED IN JUNE,

1979 AS JOINT VENTURE BETWEEN CLINES' COMPANY, SYSTEMS

SERVICES INTERNATIONAL, INC. (SSI), AND [REDACTED] TERSAM,

USA. TERSAM OF PANAMA WAS THE PRECURSOR TO TERSAM, USA. [REDACTED]

HAS ADVISED THAT TERSAM IS A PANAMANIAN COMPANY INCORPORATED IN

1975. TERSAM [REDACTED]

[REDACTED], IS BELIEVED TO BE AN

[REDACTED] EMPLOYEE OF TERSAM. ~~(S)~~ (U)

DETERMINING WHETHER TERSAM OF PANAMA WAS USED TO FUNNEL MONEY
TO UNITED STATES OFFICIALS AND OTHERS WHO MAY HAVE HAD HIDDEN

b6
b7c

b3
b6
b7c

PAGE THREE DE HQ 0074 ~~CONFIDENTIAL~~

LEGAT PANAMA IS REQUESTED TO OBTAIN PANAMANIAN
INCORPORATION DOCUMENTS AND ANY OTHER DOCUMENTS AVAILABLE
CONCERNING TERSAM, OR TERSAM OF PANAMA. ~~(S)~~ (U)

EXPEDITIOUS HANDLING IS REQUESTED. ~~(S)~~ (U)

~~BY C-3, D ON OADR.~~

BT

#0074

NNNN

FEDERAL BUREAU OF INVESTIGATION

7/12/82

Date of transcription _____

[redacted]
[redacted] was served with a subpoena on [redacted]
was issued by the Federal Grand Jury, Eastern District of Virginia,
Alexandria, Virginia.

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1518
6-83 KEJ

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5/CLM

Interviewed on 7/7/82

at [redacted]

File #

AX 206A-182-63
NO 206A-83by SA JOHN P. GILBERT *JPG* jpg

Date dictated 7/7/82

b3

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/27/82

John P. Gilbert, Federal Bureau of Investigation, New Orleans,
Louisiana,
in response to a subpoena issued by the Federal Grand Jury,
Eastern District of Virginia, Alexandria, Virginia.

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1515 K2
6-83

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C/oms

Interviewed on 8/24/82 at File # AX 206A-182-64
NO 206A-83
by SA JOHN P. GILBERT *JPG* Date dictated 8/24/82

b3

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/2/82

[redacted]
[redacted],
[redacted] was con-
tacted at the United States Attorney's Office,
Alexandria, Virginia. Accompanying [redacted] was her
attorney, [redacted]

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[redacted] turned over to the contacting agents
[redacted]
[redacted] which were inadvertently omitted
[redacted] earlier responses to a Federal Grand Jury
Subpoena dated [redacted] also provided
the documents described in [redacted]

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The documents [redacted] were turned over
to the care and custody of Assistant United States
Attorney [redacted] The records were then
placed in a room in the basement of the United States
Attorney's Office as designated by [redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5Cil oms

Investigation on 7/14/82 at Alexandria, Virginia File # Alexandria 206A-182-65
by SA [redacted] SA Thomas Fitzpatrick,
SA [redacted] JHC:mbe Date dictated 7/16/82

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Q

VZ CZ CHQ0074

PP AX

DE HQ #0074 2531748

ZNY CCCCC

P 091801Z SEP 82

FM DIRECTOR FBI

TO LEGAL ATACHE PANAMA PRIORITY

FBI ALEXANDRIA (206-182) ROUTINE

BT

DECLASSIFIED ON 5/13/88 283,591
BY SP5 C.10ms

~~CONFIDENTIAL~~/CORRECTED COPY

THOMAS GREGORY CLINES; [REDACTED]; EGYPTIAN AMERICAN
TRANSPORT AND SERVICES CORPORATION (EATSCO); FAG - DOD; OO: AX.

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RE RECENT TELEPHONE CONVERSATION BETWEEN DEPARTMENT OF
JUSTICE (DOJ), OFFICE OF INTERNATIONAL AFFAIRS AND LEGAL
ATTACHE PANAMA, REGARDING TERSAM OF PANAMA. ~~CONFIDENTIAL~~ (U)

FOR INFORMATION, THE FBI, IN CONCERT WITH DOJ TASK FORCE,
IS INVESTIGATING ALLEGATIONS THAT EATSCO FILED FALSE CLAIMS
WITH THE GOVERNMENTS OF EGYPT AND THE UNITED STATES TO
OBTAIN EXCESSIVE MONEYS FROM THE 1979 FOREIGN MILITARY SALES
LOAN AGREEMENT BETWEEN THE UNITED STATES AND EGYPT.

206-182-66

ADDITIONALLY, [REDACTED]

[REDACTED]

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 14 1982	
FBI - ALEXANDRIA	
[REDACTED]	[REDACTED]

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7-83 KRL

PAGE TWO ~~C O N F I D E N T I A L~~

[REDACTED] ARE UNDER INVESTIGATION FOR [REDACTED]
[REDACTED] IN CONNECTION WITH THE ACTIVITIES OF EATSCO, EDWIN P. WILSON, AND THOMAS G. CLINES. EATSCO WAS FORMED IN JUNE, 1979 AS JOINT VENTURE BETWEEN CLINES' COMPANY, SYSTEMS SERVICES INTERNATIONAL, INC. (SSI), AND [REDACTED], TERSAM, USA. TERSAM OF PANAMA WAS THE P_L

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ECURSOR TO TERSAM, USA. [REDACTED]

HAS ADVISED THAT TERSAM IS A PANAMANIAN COMPANY INCORPORATED IN 1975. TERSAM [REDACTED]

[REDACTED], IS BELIEVED TO BE AN
EMPLOYEE OF TERSAM. ~~(S)~~ (U)

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DETERMINING WHETHER TERSAM OF PANAMA WAS USED TO FUNNEL MONEY
TO UNITED STATES OFFICIALS AND OTHERS WHO MAY HAVE HAD HIDDEN
INTERESTS IN THE COMPANY. ~~(S)~~ (U)

PAGE THREE DE HQ 0074 ~~CONFIDENTIAL~~

LEGAT PANAMA IS REQUESTED TO OBTAIN PANAMANIAN
INCORPORATION DOCUMENTS AND ANY OTHER DOCUMENTS AVAILABLE
CONCERNING TERSAM, OR TERSAM OF PANAMA. ~~(S)~~ (U)

EXPEDITIOUS HANDLING IS REQUESTED. ~~(S)~~ (U)

~~C BY G-3, D ON OADR.~~

BT

#0074

NNNN

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/9/82

A subpoena duces tecum issued by the U. S. District Court, Eastern District of Virginia, was served [redacted]

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The subpoena required production of [redacted]

b3

206A-182-67

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 11 1982	
FBI - KANSAS CITY	

[redacted] *mta*

Investigation on 8/23/82

at [redacted]

File # Kansas City 206A-87
Alexandria 206A-182b3
b6
b7C

by SA [redacted] - ikc

Date dictated 9/7/82

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,391
DATE 7/6/88 BY SP5C110ms

FBI/DOJ

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 9/9/82

Pursuant to a Federal Grand Jury subpoena issued
[redacted] by the U. S. District Court, Eastern District of
Virginia, [redacted]
[redacted]

b3
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b7C

b3

Inventory Verified by AT [redacted] 206A-182-b8

Investigation on 9/7/82 at [redacted] File # Kansas City 206A-87
Alexandria 206A-182-
by SA [redacted] - ikc Date dictated 9/8/82

b3
b6
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/5/88 BY SP5C110MS

FBI/DOJ

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12-7-83

206A-182-70

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/9/82

TO: SAC, ALEXANDRIA (206A-182) (SQ. 4)

FROM: SAC, KANSAS CITY (206A-87) (SQ. 2) RUC

THOMAS GREGORY CLINES;

EGYPTIAN AMERICAN TRANSPORT AND
 SERVICES CORPORATION (EATS CO)
 FAG-DOD
 FOREIGN CORRUPT PRACTICES ACT
 OO AX

Re Alexandria airtel to Kansas City dated 8/6/82, and
 Kansas City airtel to Alexandria dated 8/25/82.

Enclosed for Alexandria are the following items:

1) Original and one copy of FD-302 reflecting service
 of subpoena.

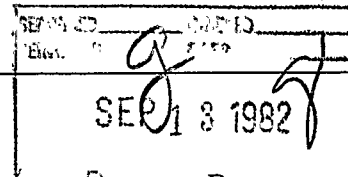
2) Subpoenaed documents.

3)
 AUSA, Alexandria, Virginia.

4) Original and one copy of FD-302 reflecting receipt
 of subpoenaed documents.

2 Alexandria (Encs. 6)
 1 Kansas City
 KBK:ikc

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 7/6/88 BY SP5C110MS

Approved: RBD/kyTransmitted _____
(Number)

Per _____

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b7Cb3
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b7Cb6
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X AIRTEL

9/9/82

TO: SAC, ALEXANDRIA (206A-182) (SQ. 4)

FROM: SAC, KANSAS CITY (206A-87) (SQ. 2) RUC

THOMAS GREGORY CLINES;

[REDACTED]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD
FOREIGN CORRUPT PRACTICES ACT
OO AX

b6
b7C

Re Alexandria airtel to Kansas City dated 8/6/82, and
Kansas City airtel to Alexandria dated 8/25/82.

Enclosed for Alexandria are the following items:

1) Original and one copy of FD-302 reflecting service
of subpoena.

2) Subpoenaed documents.

3)

[REDACTED]
[REDACTED] AUSA, Alexandria, Virginia.

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4) Original and one copy of FD-302 reflecting receipt
of subpoenaed documents.

(2) Alexandria (Encs. 6)
1 Kansas City
KBK:ikc
(3)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/96 BY SP5C110MS

2001 12-21
88
[Signature]

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/17/82Copies of [REDACTED]
[REDACTED]

Special Agent. As instructed by Assistant United States Attorney [REDACTED] these records were transported to a room in the basement of the United States Attorney's Office where they will be inventoried and stored.

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b7C1515 *ML*
6-83ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C110MS

Investigation on 9/8/82 at Alexandria, Virginia File # Alexandria 206A-182-74
by SA [REDACTED] Date dictated 9/10/82

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FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/17/82

One sealed envelope containing documents provided to SA John P. Gilbert of the New Orleans FBI Office by [redacted]
[redacted]
by the below-named Special Agent. This sealed envelope was transported by SA [redacted] to a room designated by Assistant United States Attorney [redacted] in the basement of the United States Attorney's Office. The contents of the envelope will be kept in this room.

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The envelope was opened by SA [redacted] and the contents will be inventoried by [redacted]
[redacted]

1515
Kw 6-83

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C110MS

Investigation on 8/31/82 at Alexandria, Virginia File # Alexandria 206A-182-78
by SA [redacted] Date dictated 9/10/82

b6
b7C

Memorandum



To : SAC, ALEXANDRIA (206A-182)(SQ.4) (P)

Date

9/17/82

From : SA [REDACTED]

Subject : THOMAS GREGORY CLINES;

[REDACTED]
EATSCO
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

b6
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The FD-302 reflecting receipt of subpoenaed documents from the New Orleans Division was dictated on 9/10/82, because the case agent was on leave during portions of the week of 8/29 through 9/4/82.

②-Alexandria
MJA:sw
(2)

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206A-182-79

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 17 1982	
FBI-ALEXANDRIA	

[REDACTED]

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C1/DMS

SAC, ALEXANDRIA (206A-182)(SQ.4) (P)

9/17/82

SA [REDACTED]

THOMAS GREGORY CLINES;
[REDACTED]

EATSCO
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

b6
b7C

The FD-302 reflecting receipt of subpoenaed documents from the New Orleans Division was dictated on 9/10/82, because the case agent was on leave during portions of the week of 8/29 through 9/4/82.

[Handwritten signature] (2)-Alexandria

MJA:sw

(2)
[Handwritten signature]

206A-182-79

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 17 1982	
FBI-ALEXANDRIA	

[Handwritten signature]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 2/6/88 BY SP5C/oms

Memorandum



To : SAC, ALEXANDRIA (206A-182)(SQ.4) (P) Date 9/17/82

From : SA [REDACTED]

b6
b7C

Subject : THOMAS GREGORY CLINES;
ET AL
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

On 7/27/82, at 10:30 a.m., Assistant United States Attorney [REDACTED] told SA [REDACTED] to compile the following materials for a 10:30 a.m. meeting scheduled for that same day:

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2 Alexandria
MJA:sw
(2)
[Signature]

1515 7-83
[Signature]

206A-182-80

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 17 1982	
FBI-ALEXANDRIA	

[Signature]

b6
b7C

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C10ms

SAC, ALEXANDRIA (206A-182)(SQ.4) (P) 9/17/82

SA

THOMAS GREGORY CLINES;
ET AL
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

b6
b7C

On 7/27/82, at 10:30 a.m., Assistant United States Attorney told SA to compile the following materials for a 10:30 a.m. meeting scheduled for that same day:

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MJA
(2) Alexandria
MJA:sw
(2)
fw

206A-182-80

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 07 1982	
FBI-ALEXANDRIA	

[Signature]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C1095

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/21/82

[redacted]
[redacted]
[redacted] telephone number [redacted] or
[redacted] was interviewed at the Alexandria Office of the
Federal Bureau of Investigation. [redacted] provided the
following for the FBI's information:

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[redacted]

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[redacted]

b7E

[redacted]
[redacted]
[redacted]

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 5/16/88 BY SP5C11Dms

Investigation on 9/8/82 at Alexandria, Virginia File # Alexandria 206A-182

SA [redacted] MJA:sw Date dictated 9/15/82
SA [redacted]

b6
b7C

Memorandum



To : SAC, ALEXANDRIA (206A-182)(SQ.4)(P)

Date 9/22/82

From : SA [redacted]

Subject : THOMAS GREGORY CLINES;

[redacted]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5CJ/AMS

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Captioned investigation requires a thorough understanding of the Foreign Military Sales (FMS) Program and involves a complex financial audit as well as numerous lengthy interviews. This investigation is anticipated to continue for an indefinite future period of at least several months and to involve the acquisition, review, and analysis of voluminous documents and records.

SA [redacted] has been assigned by Supervisor [redacted] to handle aspects of captioned investigation. In order to clarify SA [redacted] assignment, the following specifics are being set forth:

b6
b7C

1) Through review of case file, become familiar with information obtained pertaining to each subject.

2) Review files of related cases (i.e., 58-222) and understand the relationship between subjects.

3) Become familiar with the FMS Program through reference to Department of Defense and Department of State manuals.

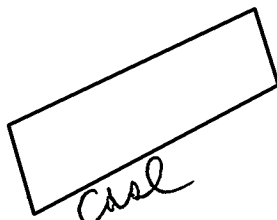
4) Become familiar with the shipping industry through reference to industry manuals and contact with individuals familiar with the shipping business.

5) Through review of records on hand, obtain an understanding of EATSCO's operations.

2-Alexandria

MJA:sw

(2)



Handwritten initials and date 9/23

206A-182-82

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 22 1982	
FBI - ALEXANDRIA	

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AX 206A-182

6) Assist in accounting for records (i.e., inventories, preparation of 302's, etc.) already obtained and the acquisition (serving subpoenas, etc.) of additional documents and records as needed. This will require regular contact with AUSA as subpoenas will be required for many of the records.

7) Prepare and/or supervise preparation of analyses for the following EATSCO accounts:

- a) Cash
- b) Cash investments
- c) Loans receivable - officers
- d) Accounts payable - TERSAM, SSI, IRT
- e) Advances - commissions
- f) Loans from officers
- g) Common stock
- h) Expenses

NOTE: Details concerning the work to be done on each of these accounts appear in the audit program (plan) AX 206A-182, serial 33.

8) In case agent's absence.....

a) Supervise accounting technicians and others assigned to assist in investigation.

b) Attend task force and other meetings as necessary.

c) Respond to communication from AUSA, FBIHQ, subjects, and witnesses.

9) Conduct logical interview that result from analyses and investigation of documents and records, and prepare FD-302.

10) Using detailed understanding of case, assist in other interviews and preparations of FD-302's.

11) Keep SA [redacted], SA Thomas Fitzpatrick, and AUSA [redacted] who is assigned this case, advised of developments and progress.

In order to more effectively administer this case, it is requested that a lead card be prepared for SA [redacted]

SAC, ALEXANDRIA (206A-182)(SQ.4)(P)

9/22/82

SA [REDACTED]

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THOMAS GREGORY CLINES:

[REDACTED]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

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b6
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- 1) Through review of case file, become familiar with information obtained pertaining to each subject.
- 2) Review files of related cases (i.e., 58-222) and understand the relationship between subjects.
- 3) Become familiar with the FMS Program through reference to Department of Defense and Department of State manuals.
- 4) Become familiar with the shipping industry through reference to industry manuals and contact with individuals familiar with the shipping business.
- 5) Through review of records on hand, obtain an understanding of EATSCO's operations.

(2) Alexandria

MJA:sw

(2)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C110MS

206A-182-82

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 22 1982	
FBI-ALEXANDRIA	

AX 206A-182

6) Assist in accounting for records (i.e., inventories, preparation of 302's, etc.) already obtained and the acquisition (serving subpoenas, etc.) of additional documents and records as needed. This will require regular contact with AUSA as subpoenas will be required for many of the records.

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- h) Expenses

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a) Supervise accounting technicians and others assigned to assist in investigation.

b) Attend task force and other meetings as necessary.

c) Respond to communication from AUSA, FBIHQ, subjects, and witnesses.

9) Conduct logical interview that result from analyses and investigation of documents and records, and prepare FD-302.

10) Using detailed understanding of case, assist in other interviews and preparations of FD-302's.

11) Keep SA [redacted], SA Thomas Fitzpatrick, and AUSA [redacted] who is assigned this case, advised of developments and progress.

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In order to more effectively administer this case, it is requested that a lead card be prepared for SA [redacted]



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Tampa, Florida
March 30, 1982



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FOREIGN CORRUPT PRACTICES ACT OF 1977

On March 29, 1982,

telephone number

advised he feels a potential violation of the Foreign Corrupt Practices Act of 1977 has, or is about to occur as pertains to a military artillery systems sale by

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has for approximately one year aggressively negotiated with the Government of Egypt through the Department of Defense and United States Embassy, Cairo, Egypt, to consummate the military artillery systems sale, without success, consisting of:

1. 2,000 copperhead shells at \$80 Million
2. 200 Artillery pieces (Howitzer/Guns) at \$100 Million
3. 25 laser designators at \$2 Million
4. Training support at \$18 Million

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283,591
DATE 7/6/88 BY SP5C110ms

ENCLOSURE

AX 206-182-83

205-24-3

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
JUL 26 1982	
FBI-WFO	

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Fitpatrick

[] relates this system cost could be twenty-five percent (25%) over or under \$200 Million. [] stated as of approximately February 1, 1982, the Government of Egypt advised it could not afford the artillery system with the approximate cost of \$200 Million.

[] stated. subsequently, [] of MMAC, advised him, an [] Basil International Corporation, retained by MMAC, Orlando, Florida, went to Egypt to discuss the artillery systems sale and within a weekend the Egyptian government decided to purchase the artillery system. [] advised [] concurred with a Basil International Corporation recommendation that [] be given an extra \$20,000 for consultation services.

[] during the past month, personally told [] that he wanted to increase the sales price of the artillery system by thirty percent (30%) and negotiate away fifteen percent (15%) to assure acquisition of the system by Egypt. [] related the sale would involve securing specific Howitzer/Guns in Europe and delivery by private 737 jet. The sale would be through a private United States corporation to the government of Egypt and the sale would be consummated with Swiss francs, rather than U. S. currency, because of consternation between governments and the exchange value of money.

[] cannot understand how Egypt can now afford an artillery system at \$200 Million, plus 30%, when Egypt previously could not afford \$200 Million, unless someone is arranging a kickback or a payoff. [] stated the \$200 Million could be increased 30% easily by adding to cost of training.

MMAC is experiencing financial and production problems and the United States Government is presently looking into cost overruns on five or six MMAC programs; therefore, MMAC needs desperately to effect sales.

[] stated when confronting [] and questioning him concerning the artillery systems sale price and negotiation procedures, [] fired him on February 8, 1982, through [] of MMAC.

[] stated if the sale goes through a corporation other than MMAC, this lends itself to increased potential for influencing a foreign government to purchase the artillery system and could involve a potential \$20 Million payoff, in his opinion.

[] contemplates consummation of the sale in six (6) weeks; however, [] stated he anticipates approximately four (4) months, because approval has to be effected through the Department of Defense, State Department, and the Congress. [] stated [] also []

[REDACTED]

[REDACTED]

"The FBI will take no further action regarding the allegation unless specifically requested by the United States Department of Justice."

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XX AIRTEL

9/23/82

TO: SAC, TAMPA
FROM: SAC, WFO (2065-24) (P) (SQ C-7)
HARTIN MARILTA AEROSPACE CORPORATION
PCDA
(DO:WFO)

Re WFOairtel & LHM to Bureau dated 3/30/82 on case
captioned [REDACTED]

[REDACTED] and 9/16/82 telcal between SAs [REDACTED]
[REDACTED] WFO and Tom Fitzpatrick, AX.

Enclosed for the information of Alexandria are two
copies of referenced Tampa LHM dated 3/30/82.

For information of Tampa, Alexandria is currently
investigating allegations against the Egyptian American Transport
and Services Corporation (EATSCO), which has an exclusive contract
to supply any and all munitions sold to Egypt. Alexandria feels
Tampa allegations may, in some way, relate to this investigation.
The principal at EATSCO is [REDACTED] who was formerly a
partner of ex-CIA employee Thomas G. Clines.

On 9/8/82, this matter was discussed with Departmental
Attorney [REDACTED]. She advised that she would like to
have complainant, [REDACTED] re-interviewed to
determine if he can provide any additional substantiation or
documentation concerning his allegations. She also requested
that the current status of the arms sale be determined to
see if the sale did, in fact, go through and receive State
Department approval. [REDACTED] should also be questioned regarding
knowledge he might have of any new developments since he was
last interviewed.

2-Tampa
(2-Alexandria (206A-182) (Enc. 2) (Info)
1-WFO
JPL:kao
(5)

206A-182-84

595
jpl

WFO 205-24

LEADS

TAMPA DIVISION

AT [REDACTED]

Will interview [REDACTED]

[REDACTED]
[REDACTED] for information as described above. Tampa
is requested to furnish results of investigation both Alexandria
and WFO.

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DE HQ #0171 2720011

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FM DIRECTOR FBI

TO FBI ALEXANDRIA IMMEDIATE

BT

UNCLAS

ATTENTION: LIAISON UNIT, INTD

THOMAS GREGORY CLINES; [REDACTED] EGYPTIAN AMERICAN

TRANSPORT AND SERVICES CORPORATION (EATSCO); FAG - DOD.

OO: ALEXANDRIA.

REBUTEL, SEPTEMBER 9, 1982.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283-591
DATE 5/13/88 BY SP5C10ms

[REDACTED] (PROTECT) [REDACTED]

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DISSEMINATED TO AUSA [REDACTED]

PER HIS REQUEST 9/30/82 MJA

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ME 7-83

Fitzpatrick

206A-182-85

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 10 1982	
FBI - ALEXANDRIA	

[REDACTED] MJA

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b7D

THE

PROVIDED

WILL BE FORWARDED TO ALEXANDRIA BY AIRTEL.

BT

#0171

NNNN

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/9/82*Protect Identity*

[redacted], was interviewed at the Alexandria Office of the Federal Bureau of Investigation, Suite 500, 300 North Lee Street, [redacted] advised as follows:

[redacted]

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[redacted]

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[redacted]

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[redacted]

*1513
603 KAC*

Investigation on 9/1/82 at Alexandria, Virginia File # 206A-182-86

by SA [redacted] Date dictated 9/2/82

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mya

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 203,591
DATE 5/16/88 BY SP5C/10ms

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/28/82

[redacted], R.G. Hobelmann and Company, Incorporated, 900 First National Bank Building, Light and Redwood Streets, Baltimore, Maryland, [redacted], was interviewed at the Conference Room A in the basement of the United States Attorney's Office, 701 Prince Street, Alexandria, Virginia, on the afternoon of this date. He was accompanied throughout by [redacted] who advised that he b6 b7C is very knowledgeable in the area of maritime law and maritime affairs. (His office is at [redacted])

[redacted]

At the outset, [redacted] was advised of the official identity of the contacting Special Agents and of the nature of the interview.

He thereafter provided the following information:

BACKGROUND:

Full Name: [redacted]
 Race: Caucasian
 Sex: Male
 Date of Birth: [redacted]
 Place of Birth: [redacted]

Citizenship: [redacted]

Present Residence: [redacted]

Home Phone [redacted]

Employment: [redacted] R.G. Hobelmann and Company, Incorporated, (Foreign Freight Forwarders and Custom House Brokers), 900 First National Bank Building, Light and Redwood Streets, Baltimore Maryland. (He advised that he has an office at [redacted])

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 283,591
 DATE 5/14/88 BY SP5C/LPMS

Investigation on 9/14/82 at Alexandria, Virginia

SA Thomas Fitzpatrick

by

SA [redacted]
 SA [redacted]

TF:srt

Date dictated

9/15/82

Alexandria 206A-1824
 Alexandria 58-222
 Alexandria 58-223

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Parents: [redacted] and [redacted]
(said his father is a retired

Wife:

[redacted]

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[redacted] (He advised that this is
.)

Children:

[redacted]

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Sister: States that he has one sister who resides

[redacted]

Military Service: None (states was exempted as he
was in school or married when in
the eligible zone).

Education:

[redacted]

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[redacted]

[redacted]

Baltimore, Maryland, where
he had a job waiting for
him at the R.G. Hobelmann
and Company, Incorporated,
where [redacted]

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[redacted] was employed.

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ASSOCIATION WITH THE R.G. HOBELMANN AND COMPANY, INCORPORATED:

In 1957, he started his employment with this company as [REDACTED], eventually becoming [REDACTED]

He said this company was formed in 1946 at Baltimore, Maryland, as a Foreign Freight Forwarder and Custom House Broker. The founder and president when [REDACTED] joined the company was Rudolph Gustave Hobelmann.

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[REDACTED] joined the Hobelmann Company and became [REDACTED].

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A key development occurred in 1954, when the Hobelmann Company became involved in the importation of Volkswagen automobiles to the United States. This caused a rapid growth in the company during the late 1950's and early 1960's when the foreign car boom occurred in the United States.

In 1961, the Hobelmann Company acquired a 50% interest in the Schenkers International Forwarders, Incorporated, which was owned by the Schenkers Company in Germany, which is a major freight forwarder. [REDACTED]

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[REDACTED] I Incorporated, in New York and [REDACTED] took over as [REDACTED] of Hobelmann shortly thereafter.

Also in 1961, Hobelmann's business was extended to other parts in the United States and this included opening a branch office in Philadelphia, Pennsylvania, and Toledo, Ohio, and later on at Jacksonville, Florida, and Boston, Massachusetts. The Volkswagen account was the major account at that time.

Schenkers International Forwarders, Incorporated, also expanded its operations to Chicago, Illinois, and Houston, Texas, at about that time.

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During the 1960's [] said that he obtained the [] with the Hobelmann Company.

In about 1968, [] said that [] Mr. Hobelmann and [] at that time as Mr. Hobelmann was getting close to retirement age and [] was involved virtually full-time in his position with the Schenkers Company in New York City. An agreement was worked out, subsequently, wherein [] of the Hobelmann Company. As time went on, this did not work out too well for [] and he was looking for [] the Hobelmann Company to as a result.

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At about 1969, to 1970, the Volkswagen Company was looking for some acquisitions for one of their companies called VICO. They needed to expand and create large profits, and VICO was a public corporation in which Volkswagen had about 45% ownership.

In 1970, VICO bought [] stock in the Hobelmann Company which in essence gave them ownership to the company. He noted that there was some consent still necessary from Mr. Hobelmann and [] in connection with this.

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As a result, the Hobelmann Company became a wholly owned subsidiary of VICO. [] mentioned that the 50% interest that Hobelmann had owned in the Schenkers Company had been sold back to Schenkers in 1968.)

As a result of the VICO Company taking ownership of the Hobelmann Company, [] For the next six years, expansion of the Hobelmann Company business continued. In this regard, offices were established at Houston, Texas, and Portland, Oregon, and the company was seeking to have some type of an office or operation in every major port of the United States.

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[redacted]
Hobelmann [redacted] at that time, VICO was not doing well and [redacted]. On the other hand, the Hobelmann Company was doing quite well. [redacted] said that he had decided not to [redacted] Hobelmann at that time. Concurrent with this, the Volkswagen Company was disappointed with VICO's status and decided that they would liquidate VICO by selling off its assets. As a result, [redacted] said that [redacted], who he hired in 1970, and became [redacted] at Hobelmann, purchased the Hobelmann Company in two parts. These parts were as follows:

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1. R.G. Hobelmann and Company, Incorporated, which was the freight operation, air operation and customs brokerage.
2. Hobelmann Port Services (HPS), which was a car servicing operation, which serviced cars being imported.

In connection with this purchase, [redacted] said that two separate transactions were necessary and two separate corporations resulted.

He said the R.G. Hobelmann and Company, Incorporated, thereafter had four owners: as follows:

[redacted]
[redacted]
[redacted]
[redacted]

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The second corporation, HPS had five partners as follows:

[redacted]
[redacted]
[redacted]

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[redacted]
(He could not recall immediately the name of the fifth partner, who also had a [redacted] interest.)

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[redacted] the R.G. Hobelmann Company, Incorporated and [redacted] managed the HPS Corporation. He said both of them were on the boards of both corporations.

He said that in 1981, another sale occurred. At that time all of HPS was sold to a Canadian Company, called Livingston International, which has its headquarters in Tilsonburg, Canada, which is near Detroit, Michigan. Also acquired by Livingston International, owning 100% of the HPS Corporation, was an acquisition of one-third ownership of the R.G. Hobelmann Company, Incorporated. Livingston International was also obligated by the terms of the purchase to buy the other two-thirds ownership of the R.G. Hobelmann and Company, Incorporated, by 1984 in a pre-determined manner.

Livingston International apparently made this purchase as they were looking for acquisitions in the United States in connection with their eventual goal of covering the North American continent with freight forwarding coverage.

In summary, [redacted] advised that at present the R.G. Hobelmann and Company, Incorporated, is one-third owned by Livingston International and two-thirds owned by [redacted]

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CORPORATE STRUCTURE:

[redacted] said that the R.G. Hobelmann and Company, Incorporated, Board of Directors presently consists of the following: [redacted] (represents Livingston International interests).

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Officers of the R. G. Hobelmann and Company,
Incorporated are as follows: [REDACTED]

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[REDACTED] said that the CPA firm of Peat, Marwick,
Mitchell and Company, handles audits of the Hobelmann
Company.

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[REDACTED] advised that he presently functions as
the [REDACTED] of the R.G. Hobelmann and Company,
Incorporated.

SUBSIDIARIES OF THE
R.G. HOBELMANN AND COMPANY, INC.

[REDACTED] advised that the following are four
subsidiaries of Hobelmann that are 100% owned by Hobelmann.

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1. J. T. Steed and Company, Incorporated
Custom House Brokers and Freight Forwarders
Portland, Oregon
2. J. T. Steed and Company, Incorporated
(a separate company from the above business,
but in the same business.) Located at the
Seattle-Tacoma, Washington area.
3. Gross and Flannelly Company, Freight Forwarders
and Custom House Brokers at Boston, Massachusetts..
4. Air Freight International Incorporated (AFI),
involved in warehousing and in the air freight
business. AFI is a non-vessel operated common
carrier (NVOCC) and a [REDACTED] directs
AFI's operations. [REDACTED] noted that the
R.G. Hobelmann and Company, Incorporated, is
not a NVOCC.

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[] estimated that recent yearly net income has been about 2 million dollars for the Hobelmann Company and they have had around 10 million dollars in sales.

[] advised that [] the most knowledgeable individual regarding the Hobelmann Company and all of its subsidiaries.

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[]
[] advised that [] is a good friend of his who he initially met at a social function in late 1978 in New York City. This event was a dinner at a public restaurant in the "Soho" of New York City, which was a party to which a 150 persons had been invited by VICO board members. At that event, [] and his wife sat next to [] and his wife and they got to like each other. They saw each other on a few occasions and became good friends.

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About six months after this dinner meeting, in about June, 1978, [] called [] and said that he thought he might have some business for [] regarding []

[]
at that time. [] told [] that he would be interested in looking into the matter further.

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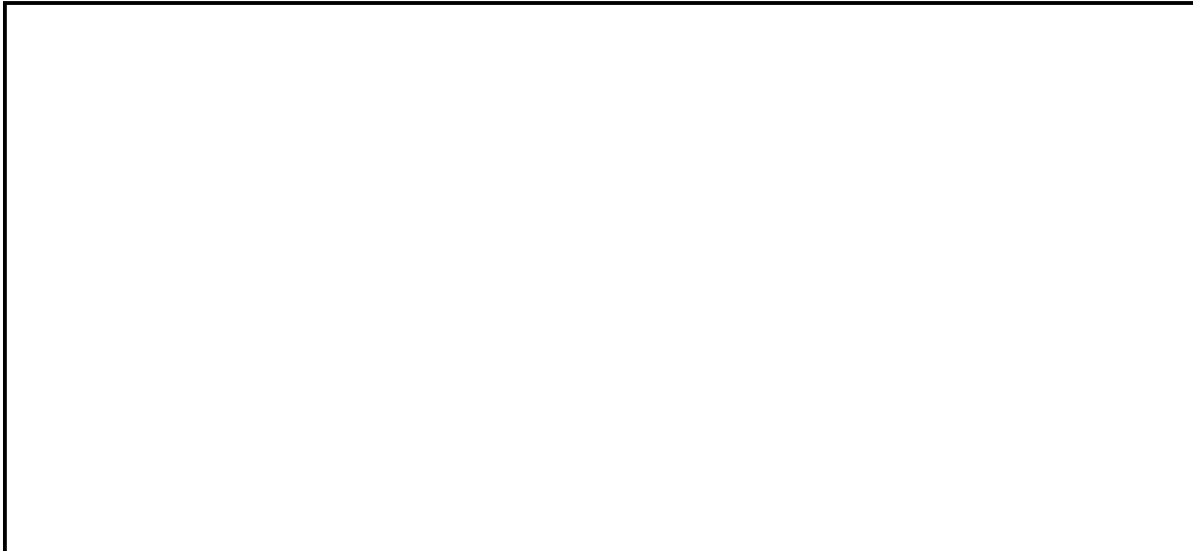
TOM CLINES

[] said that in connection with his conversation with [] eventually met Tom Clines in about mid-1978. In connection with [] looking into []

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[] advised that this was the end of his relationship with Clines for about the next six months. He said he knew that Clines and [] as they both had told him so and were proud of this.

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He said that in about June, 1979, Clines called him and indicated that he might have a good business lead for the Hobelmann Company regarding sizable shipments of military goods purchased by Egypt in the United States. He said the name of the company involved in this potential business was the Tersam Company and the controlling person was located at Falls Church, Virginia. Clines asked [] if he would be

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interested in talking to this individual and [] said that he would be.

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[] said that he believes that [] was totally out of this deal at this time.

Subsequently, Clines introduced [] to [] of the Tersam Company at the company's office in Falls Church, Virginia. As a result of that meeting negotiations were started between [] company and [] company and [] was very much interested in background information regarding [] and his family.

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On July 12, 1979, [] said that he and [] reached their first agreement and he found out that same day that Clines was now a principal in that deal as vice president of the Egyptian-American Transport and Services Corporation (EATSCO). He said that EATSCO was a new entity that was still in formation stages and prior to that time, the entities he dealt with in connection with the negotiations involved SSI and the Tersam Company.

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A couple days after this first agreement was reached, [] called [] from Cairo, Egypt, and invited [] to come over to Cairo [] business. [] said that he went to Cairo []

[] while there on that trip. He said that he and Clines were in Cairo together on that occasion and that he thinks that the two of them flew from New York City to Cairo together.

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On returning to the United States, [] told [] that he wanted to change the contract and so negotiations were started all over again. A second agreement was finally negotiated and signed on October 1, 1979, containing new terms.

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He said that negotiations were held in [] office at [] in Washington, D.C., and the negotiations were extensive and lasted about two days.

[] said his first contact with [] was at the EATSCO office and he saw her there on several occasions in connection with working on the agreement [] Clines [] said the second agreement reached was the one that business was conducted under through December, 1981. In January, 1982, EATSCO amended its service agreement with the government of Egypt to change its costs ceiling to 8½%. Based on this change, the agreement between EATSCO and Hobelmann had to be modified to reflect accounting associated with this new percentage.

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[] advised that the gross profit and revenue sharing agreement between Hobelmann and EATSCO initially stipulated that EATSCO got 75% and Hobelmann got 25%. This was changed on January 1, 1982, to Hobelmann getting .75% of the value of the commodities shipped. On August 1, 1982, a second change occurred and Hobelmann was to get .6% of the value of the items shipped. (This would include all services including warehousing and packing.) [] said that he understands that these percentages were reached by looking at the experience in operations for the prior two years.

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[] said that [] did the negotiating in connection with the agreement between EATSCO and Hobelmann. He said that Clines was present at times during these negotiations.

[]

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[] said that he thinks that he met [] on one occasion in 1980 or 1981, which was possibly at a reception at Fort McNair, in Washington, D.C., and this possibly related to a reception given for one of the Egyptian generals. In this regard, he believes that Clines introduced him to [] and [] understood, in connection with

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this introduction, that [] the Pentagon officials concerned with the Foreign Military Sales Program that involved Egypt and EATSCO.

[]
He said he has met [] on one occasion and he thinks this was at a reception at the Egyptian Military Attache's house about a year ago. He believes this Military Attache was General []. He could not recall who introduced him to [], but recalled that it was a small group at that house on that occasion and he understood with this introduction that [] was involved with [].

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TED SHACKLEY

[] said that he has had a more extensive relationship with Shackley. He said that he thinks that it was some time in 1980 that Shackley contacted the Hobelmann Company and asked them to do some shipping with him in connection with a company called IRT. As a result, the Hobelmann Company has handled occasional shipments for Shackley and every such shipment has been to Nassau in the Bahamas. This occurred over a two year period and mostly involved the shipping of food stuffs, primarily from New York state. He said there was a shipment for Shackley about once a month or once every other month. He said that nothing was shipped to Mexico or elsewhere for Shackley.

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[] said that he understands that IRT changed its name to TGS at a later date and he thinks that Clines was president of IRT at one time.

[] said that he met with Shackley on quite a few occasions in Shackley's office in Rosslyn (Arlington, Virginia). He recalls that one of these meetings had to do with working on a couple of bids for the Corps of Engineers [], but they were unsuccessful in this regard.

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[] said that Shackley has been to [] and he feels that he knows Shackley well and likes him. He said that the last contact was a business related contact about three months ago.

EAST AVIATION

He said that at one time, the Hobalman Company had a 20% interest in East Aviation, but this interest was sold back to EATSCO in January, 1982. [] said that he believes that [] at East Aviation at one time. He said that East Aviation was set up as an airline to carry Egyptian equipment and was planned to hopefully develop to also carry equipment westbound from Europe on a return trip from Egypt. He said discussions were conducted to possibly purchasing an airplane in this regard, but then it was decided instead to get a long term charter of an aircraft instead of purchasing one. Negotiations in this regard were conducted by [] with the Global International Airlines from whom the charter was eventually obtained.

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TRAVEL TO EGYPT

[] said that in addition to his initial trip to Cairo at [] invitation, in July, 1979, he made another trip to Egypt in ^{August} August, 1980. This trip was in connection with assessing whether some large barges which had been abandoned in the Persian Gulf should be purchased. He said that Clines and he went to Abu Dhabi and hired an individual to inspect the barges in this regard. He and Clines stopped in Cairo on the way back, primarily to visit Alexandria, Egypt, to check on whether the barges, if purchased, could be used to travel up the Nile from Alexandria to Cairo. He said there was a severe "bottleneck" in on-loading shipping at the port of Alexandria and they were thinking of buying the barges so that equipment could be loaded onto the barges and then transported to Cairo from Alexandria, thereby saving time. During the studies they made in Egypt, they determined that at one point in the Nile along this route, the river was only four feet deep and since the barges would probably need eight feet, the project was abandoned.

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[redacted]

[redacted]

[redacted] met [redacted] at his office at [redacted] in Washington, D.C. He said that either [redacted] or Tom Clines introduced him to [redacted] and they just had a short chat.

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[redacted] said that he still has social contacts with [redacted] Shackley's Company, TGS, in some manner.

SERVICE OF SUBPOENAS

At the conclusion of the interview on this date, SA [redacted] served [redacted] with two Federal Grand Jury subpoenas, [redacted]

(It is noted that this interview commenced at approximately 2:35 p.m., on this date and terminated at approximately 5:35 p.m. In consideration of its being terminated was [redacted] requirement to be at an engagement with some Congressmen at 6:00 p.m.)

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TRANSMIT VIA:

PRECEDENCE:

CLASSIFICATION:

☐ Teletype
☐ Facsimile
☒ Airtel

☐ Immediate
☐ Priority
☐ Routine

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

~~SECRET~~

Date 9/29/82

TO: DIRECTOR, FBI
FROM: SAC, ALEXANDRIA

[redacted]
THOMAS GREGORY CLINES;
BRIBERY; CONFLICT OF INTEREST (COI); FOREIGN
CORRUPT PRACTICES ACT (FCPA)
(00:AX)
AXfile: 58-222

[redacted]
THOMAS GREGORY CLINES;
BRIBERY; COI; FCPA
(00:AX)
AXfile: 58-223

THOMAS GREGORY CLINES;
[redacted]

EGYPTIAN AMERICAN TRANSPORT AND SERVICES CORPORATION (EATSCO);
FAG-DOD; FCPA
(00:AX)
AXfile: 206A-182

Reference Bureau teletype to Alexandria, 7/29/82,
captioned "WHITE COLLAR CRIME ASPECTS OF THE WILSON/TERPIL
INVESTIGATIONS; BRIBERY/CONFLICT OF INTEREST; FCPA; 00:AX,"
requesting reports in captioned matters by 9/30/82.

3-Bureau
4-Alexandria (2-58-222)
(1-58-223)
(1-206A-182)

TF:vvd
(7)

[Handwritten signature]

[Handwritten signature]

206A-182-88

~~SECRET~~

Approved: _____

Transmitted _____ (Number) _____ (Time)

Per _____

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AX 58-223
AX 206A-182

~~SECRET~~

For information of FBIHQ, Alexandria is presently in the process of preparing an extensive report incorporating pertinent investigation conducted regarding captioned three matters, each of which are interrelated. It is anticipated that this report will be completed and forwarded to reach Bureau by 11/1/82. This report will include overview/synopsis and detailed Table of Contents.

The extensive and complicated nature of these investigations as well as the expeditious pursuing of various leads in each per priority directives from Task Force prosecutive officials, have been among factors necessitating this delay in submitting report.

Alexandria notes that pertinent U.S. Department of Justice, FBIHQ [redacted] (U) [redacted] as well as Assistant United States Attorney (AUSA) [redacted] Alexandria, Virginia, and [redacted]

Washington, D.C., are being kept advised on a regular basis of pertinent developments in these matters. Additionally, copies of all pertinent interviews and results of other investigation conducted have been provided to appropriate FBIHQ [redacted] representatives and AUSA's promptly following their preparation. (U)

Alexandria will continue to keep the Bureau and pertinent U.S. D. J. Task Force officials advised of pertinent developments in captioned matters, as they occur.

~~SECRET~~